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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA**

In re
ARETE HOLDINGS, LLC,

Debtor.

This filing applies to: ☒ All Debtors
☐ Arete Holdings, LLC
☐ Arete NW, LLC
☐ Arete Sleep Therapy NW, LLC
☐ Arete Sleep, LLC
☐ Arete Sleep Therapy, LLC

Chapter 11
Case No. 2:11-bk-02009-RTB
(Joint Administration Pending)
Case No. 2:11-bk-02010;
Case No. 2:11-bk-02011;
Case No. 2:11-bk-02012; and
Case No. 2:11-bk-02020

**DEBTOR'S MOTION FOR AN ORDER
APPROVING SALE OF DEBTOR'S ASSETS
UNDER ASSET PURCHASE AGREEMENT
FREE AND CLEAR OF LIENS, CLAIMS
AND ENCUMBRANCES; APPROVING
ASSUMPTION AND ASSIGNMENT OF
CERTAIN UNEXPIRED LEASES AND
EXECUTORY CONTRACTS; AND FOR AN
EMERGENCY HEARING ON APPROVAL
OF CERTAIN AUCTION AND BID
PROCEDURES, INCLUDING A BREAK-UP
FEE; SETTING DATE AND TIME FOR
HEARING ON PROPOSED SALE; AND
APPROVING FORM OF NOTICE OF
AUCTION AND SALE HEARING**

Hearing Date: None
Hearing Time:
Location: Courtroom #703
230 N First Ave
Phoenix AZ 85003

1 Areté Holdings, LLC, Areté NW, LLC, Areté Sleep, LLC, Areté Sleep Therapy, LLC, and
2 Areté Sleep Therapy NW, LLC (collectively, the “Debtors”), Debtors and Debtors-In-Possession in the
3 above-captioned matter, hereby move the Court for an Order: (i) approving the sale of substantially all
4 of Debtors’ assets free and clear of all liens, claims and encumbrances under an Asset Purchase
5 Agreement with Sleep Science, Inc. (the “Agreement”); (ii) approving Debtors’ assumption and
6 assignment of certain unexpired leases and executory contracts; and (iii) approving notice, bidding and
7 sales procedures related to the proposed sale, including a break-up fee and expense reimbursement (the
8 “Motion”).¹

9 To minimize potentially prejudicial delay to Debtors, Debtors request that the Court set an
10 emergency hearing within ten (10) days on that portion of the Motion requesting that the Court
11 approve certain bidding and sales procedures described below, including a break-up fee and expense
12 reimbursement (the “Bid Procedures”); set a date and time for a hearing on the proposed sale (the “Sale
13 Hearing”); and approve a form of notice of the Bid Procedures and Sale Hearing.

14 **I. JURISDICTION**

15 1. On January 26, 2011 (the “Petition Date”), each of the Debtors filed a voluntary petition
16 for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United
17 States Bankruptcy Court for the District of Arizona (the “Bankruptcy Court”). Pursuant to §§ 1107(a)
18 and 1108 of the Bankruptcy Code, the Debtors continue to operate their businesses as debtors-in-
19 possession.

20 2. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This Motion
21 is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

22 3. Venue is proper in this Court pursuant to 28 U.S.C. § 1408 and 1409.

23 4. The statutory bases for the relief requested herein are §§ 105(a), 363 and 365 of the
24 Bankruptcy Code.

25
26
27
28 ¹ Unless the context otherwise requires, capitalized terms not defined in this Motion have the meaning ascribed to them in the Agreement.

1 **II. BACKGROUND**

2 5. Since 2002, the Debtors have been a leading provider of integrated, high quality sleep
3 medicine and total patient care services. Headquartered at 6263 N. Scottsdale Road, Suite 395,
4 Scottsdale, Arizona, the Debtors operate nineteen sleep diagnostic clinics across Arizona, Oregon,
5 Texas and Washington which generate annual gross revenues of approximately \$18,000,000. Of these
6 revenues, approximately: (i) 15% is attributable to federal Medicare and Medicaid reimbursements
7 administered by the Centers for Medicare and Medicaid Services (“CMS”); (ii) 25% is attributable to
8 state-managed Medicaid reimbursements, and (iii) 60% is attributable to reimbursements from private
9 insurance companies and payments received directly from patients.

10 6. As of the Petition Date, the Debtors employed approximately 140 medical and non-
11 medical professionals, and engaged the services of approximately 33 independent contractors,
12 including eight medical directors and twenty-five reading physicians.

13 7. The Debtors specialize within the sleep disorder subset of the health care industry, and
14 focus their business primarily on the provision of diagnostic procedures aimed at detecting sleep
15 breathing disorders, the most common of which is obstructive sleep apnea. In addition to these
16 diagnostic capabilities, the Debtors also offer therapy and treatment services for patients’ sleep
17 breathing disorders once diagnosed, including the provision of durable medical equipment such as
18 continuous positive airway pressure devices.

19 8. In 2002, True North Partners, LLC (“True North”) furnished the equity necessary to
20 acquire the assets used to commence the Debtors’ business operations.² The Debtors were focused on
21 an aggressive growth strategy with the goal of achieving rapid expansion and becoming a leading
22 company providing sleep services.

23 9. The Debtors made large commitments to building infrastructure and growing the
24 business through organic growth and acquisitions. In 2007, after five years of losses and more limited
25 growth opportunities the strategy changed to: (i) eliminate the losses for needs for additional
26

27 ² True North continues to be the ultimate parent of each of the Debtors, and is the owner of not less than 99% of all equity
28 interests in Areté Holdings, LLC, which in turn is the owner of not less than 99% of all equity interests in Areté Sleep NW,
LLC, Areté Sleep, LLC, and Areté Sleep Therapy, LLC. Areté Sleep Therapy NW, LLC is a wholly-owned subsidiary of
Areté Sleep NW, LLC.

1 investment, (ii) transition True North's involvement in the Debtors' to one of a minority participant, or
2 (iii) dispose of the Debtors' business operations in connection with a sale.

3 10. Reacting to this revised business plan, the Debtors instituted certain cost-saving
4 mechanisms that resulted in positive cash flow by the end of 2009. Subsequently, and for the reasons
5 set forth below, these improved operational results once again became negative over time.

6 11. On March 16, 2009, the Board of Directors (the "Board") for Areté Holdings, LLC
7 ("Holdings") held a meeting to discuss the prospect of selling the Debtors' businesses and/or soliciting
8 new equity investors. At that time, the Board established December 31, 2009 as the projected deadline
9 for any prospective sale.

10 12. In furtherance of these goals, in September 2009, Holdings retained the services of two
11 consultants to explore the partnering, sale and investment opportunities for the Debtors: (i) Paul
12 Wallace of Step Function Partners ("Wallace") was tasked with exploring the prospect of locating a
13 financial partner for the Debtors, and (ii) Lawrence Bain of ITH Partners, LLC ("Bain") was tasked
14 with locating strategic partners for the Debtors that would acquire all, or substantially all, of the
15 Debtors' assets.

16 13. By December 2009, both Wallace and Bain had invested ample time and resources into
17 exploring both sale and restructuring opportunities for the Debtors, but both had been unsuccessful in
18 obtaining a single additional investment dollar or concrete sale offer.

19 14. In late December 2009, Bain advised the Debtors he no longer believed that the sale
20 partnering or sale of the Debtors' business operations was a viable prospect and terminated his
21 relationship with the Debtors. Similarly, by January 2010, Wallace had ceased providing his services
22 to the Debtors.

23 15. In February 2010, the Debtors received an unsolicited communication from Clinical
24 Research Advantage, Inc. ("CRA"), the parent company of Sleep Science, Inc. (the "Proposed
25 Purchaser"), pursuant to which CRA expressed its interest in purchasing substantially all of the
26 Debtors' assets.

27 16. In March 2010, the Debtors and CRA executed a non-disclosure agreement to facilitate
28 the exchange of information in furtherance of a potential sale, and, in May 2010, the Debtors received

1 a Letter of Intent from CRA, pursuant to which CRA offered to purchase substantially all of Arete's
2 assets (the "First Letter of Intent").

3 17. In July 2010, CRA amended the First Letter of Intent in order to limit its purchase offer
4 to the Debtors' assets within the State of Arizona, and to exclude all assets located within Oregon,
5 Texas and Washington (the "Non-Arizona Assets").

6 18. In August 2010, the Debtors attempted to locate a potential purchaser for the Non-
7 Arizona Assets, and contacted a number of companies that operate within the sleep disorder diagnosis
8 industry to solicit interest, including without limitation the following: (i) SleepMed, Inc., the nation's
9 largest provider of diagnostic services for sleep disorders and epilepsy; (ii) Sleep Health Centers, an
10 operator of sleep testing laboratories in Arizona, Connecticut, Massachusetts and Rhode Island; (iii)
11 Graymark Healthcare, Inc., a publically-traded corporation that operates sleep diagnostic centers in
12 Florida, Iowa, Kansas, Missouri, Minnesota, Nebraska, New York, Oklahoma, South Dakota and
13 Texas; (iv) Total Sleep Diagnostics, a sleep diagnostic organization with testing facilities in Arizona,
14 Georgia, Indiana, Kansas, Louisiana, Massachusetts, Missouri, and Texas; (v) SleepWorks, Inc., an
15 operator of forty-five sleep center locations throughout eleven states located primarily in the eastern
16 half of the United States; and (vi) Dormir, Inc., a sleep disorder health care provider that operates,
17 together with certain of its affiliates, diagnostic and testing facilities across the nation.

18 19. Although some limited interest in the Non-Arizona Assets was expressed by entities
19 other than CRA and the Proposed Purchaser, none of those prospects resulted in an asset purchase
20 agreement, and all letters of intent related to the Non-Arizona Assets have expired and/or been
21 terminated.

22 20. However, in December 2010, CRA and the Proposed Purchaser increased the purchase
23 price under discussion to also include consideration for the Non-Arizona Assets.

24 21. As a result, following nearly eighteen months of concerted efforts at marketing the
25 Debtors' assets for sale and/or soliciting interest from additional equity investors, the Debtors believe
26 that the Proposed Purchaser – the party designated by CRA to acquire the assets of the Debtors – is the
27 sole entity that has expressed a sincere interest in entering into an asset purchase agreement to
28 purchase substantially all the Debtors' assets.

1 22. This may be attributable, at least in part, to the current market conditions facing sleep
2 diagnostic centers. With the recent economic downturn, many employers have been forced to modify
3 the medical benefits they provide to their employees, and those medical benefit plans have been scaled
4 down and/or adapted to require a larger contribution from employees for the services provided. At the
5 same time, rising unemployment rates have both increased the number of uninsured patients and
6 caused both insured and uninsured patients to limit their health care services to strict “necessities” that
7 may not include diagnosis or treatment of sleep disorders.

8 23. In addition, federal and state governments, as well as private insurance companies, have
9 reduced the reimbursement rates for certain medical services, including those attributable to the
10 diagnosis and treatment of sleep disorders, and Debtors and other similarly situated companies have
11 been forced to accept less compensation for the services they render.

12 24. Despite this reduction in reimbursement rates, the increased awareness of sleep
13 disorders and their impact on general health has caused an increase in the desire of patients to diagnose
14 and treat their sleep disorders. As such, the number of providers offering sleep disorder testing and
15 treatment has increased in recent years, as have alternative diagnosis options that permit patients to
16 submit to testing at home or in another non-clinic based setting. At the same time, the sleep disorder
17 diagnostic industry has become more regulated, thereby increasing the cost of doing business.

18 25. The net result of such changes is that the average profits per clinic location has
19 decreased in recent years, thereby making it more difficult to operate a successful sleep disorder
20 diagnostic center that is cash positive.

21 26. In addition to these general market conditions, in January 2010, the Debtors received
22 communications from CMS regarding a review of the Debtors’ Medicare and Medicaid reimbursement
23 accounts.

24 27. The review of the Debtors’ books and records by CMS continued for nine months after
25 the initial inquiry. This review caused significant disruption to the Debtors’ normal business
26 operations and resources were directed away from ordinary business operations to assist in the
27 administration of, and compliance with, the review. During the nine-month period, the Debtors
28 incurred an estimated \$500,000 in expense directly attributable to the CMS review. Furthermore,

1 modifications to the Debtors' business practices prompted by the findings of the CMS review have
2 created an additional \$500,000 in annual operating expenses.

3 28. The general market conditions of the sleep disorder diagnostic and treatment industry,
4 together with the particular challenges faced by the Debtors, have caused the Debtors to operate their
5 business with a negative cash flow throughout 2010, thereby prompting significant liquidity problems
6 and necessitating the extensive marketing efforts related to the sale of substantially all the Debtors'
7 assets culminating in the filing of these Chapter 11 Cases.

8 29. On January 25, 2011, the Debtors and the Proposed Purchaser finalized the terms of the
9 Agreement, which contemplates the Proposed Purchaser's acquisition of substantially all the Debtors'
10 assets free and clear of liens, claims, and encumbrances. In order to maximize the value of the Debtors
11 estates, the Agreement requires that the proposed sale close no later than April 30, 2011.

12 30. While this timeline is aggressive, the Debtors and the Proposed Purchaser acknowledge
13 that the Debtors' are facing a cash crisis. Anticipating an unsustainable negative cash flow, these
14 Chapter 11 Cases were commenced, *inter alia*, because the only available source of funds to sustain
15 operations and maximize the value of the Debtors' assets was debtor-in-possession financing while the
16 Debtors' finalize the sale process. The proposed debtor-in-possession financing should provide the
17 Debtors with sufficient funds to operate their business while seeking to sell their assets on a going
18 concern basis

19 A. **Liens Claimed Against Debtors' Assets**

20 31. Five creditors assert liens on some or all of Debtors' assets.

- 21 a. US Bancorp, in its capacity as assignee of Direct Capital Corporation,
22 asserts a secured lien against Areté Sleep, LLC secured by the Debtors'
23 interests in certain discrete medical equipment arising from financing
provided to purchase that equipment. The Debtors estimate that the total
outstanding balance due to US Bancorp is approximately \$33,417.76.
- 24 b. Dell Financial Services, L.P. asserts a secured lien against Areté Sleep,
25 LLC secured by the Debtors' interests in certain discrete computer
26 equipment arising from financing provided to purchase that equipment.
27 The Debtors estimate that the total outstanding balance due to Dell
Financial Services, L.P. is approximately \$59,189.42.

- 1 c. LCA Bank Corporation asserts a secured lien against Arete Sleep, LLC
2 secured by the Debtors' interests in certain discrete medical equipment
3 arising from financing provided to purchase that equipment. The
4 Debtors estimate that the total outstanding balance due to LCA Bank
5 Corporation is approximately \$26,273.50.
- 6 d. General Electric Capital Corporation asserts a secured lien against Arete
7 Sleep, LLC secured by the Debtors' interests in certain discrete
8 equipment arising from financing provided to purchase that equipment.
9 The Debtors estimate that the total outstanding balance due to General
10 Electric Capital Corporation is approximately \$66,079.31.
- 11 e. TCF Equipment Finance, Inc. d/b/a VGM Financial Services ("VGM")
12 asserts a secured lien against Arete Sleep Therapy, LLC secured by the
13 Arete Sleep Therapy, LLC's interests in, *inter alia*, certain equipment,
14 inventory, accounts, general intangibles and proceeds thereof, arising
15 from that certain Master Lease Agreement dated December 10, 2008,
16 and certain equipment schedules related thereto. The Debtors estimate
17 that the total outstanding balance due to VGM is approximately
18 \$667,000.

19 **B. The Asset Purchase Agreement**

20 32. On or about January 25, 2011, Debtors entered into the Agreement with the Proposed
21 Purchaser. A true and correct copy of the Agreement is attached hereto as **Exhibit A**³ The terms of the
22 Agreement are summarized as follows:

- 23 a. **Assets to be Purchased.** Debtors shall sell the Purchased Assets to the Proposed
24 Purchaser or such other party that submits a higher or otherwise better offer in
25 accordance with the Bid Procedures (the "Successful Bidder"). As set forth in section
26 1.1 of the Agreement, the Purchased Assets include, among other things, all of Debtors'
27 tangible property, Inventory, Business Proprietary Rights, Transferred Records,
Licenses, security deposits, warranties, claims, certifications, and goodwill, and any
other assets owned by Debtors as set forth in the Agreement other than Excluded
Assets, including the Debtors' rights under certain executory contracts and unexpired
leases designated by the Proposed Purchaser (the "Assumed Contracts"). Pursuant to
the Bid Procedures, Debtors will provide notice of the Proposed Sale, including the
proposed assumption and assignment of the Assumed Contracts to counterparties of the

³ All capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Agreement.

1 Assumed Contracts (the "Counterparties"), and the Counterparties will have an
2 opportunity to object to the Proposed Sale and the assumption and assignment of the
3 Assumed Contracts (and cure amounts, if any, related to same) and be heard at the Sale
4 Hearing.

5 b. **Excluded Assets.** As set forth in Section 1.1 of the Agreement, the Purchased Assets
6 do not include, among other things, certain "Excluded Assets" which include corporate
7 books and records, cash, equity interests, Accounts Receivable, Transaction Documents,
8 Non-Assumed Contracts, and those assets set forth in Schedule 1.1(c) to the Agreement.

9 c. **Liabilities Assumed.** Pursuant to the Agreement, the liabilities to be assumed by the
10 Proposed Purchaser include those obligations specifically set forth on Schedule 1.1(b)
11 to the Agreement, including all obligations of the Debtors related to the Assumed
12 Contracts.

13 d. **Purchase Price.** Subject to the provisions of Section 6.2 of the Agreement, the
14 purchase price is One Million Nine Hundred Thousand Dollars (\$1,900,000).

15 e. **Termination Rights.** As set forth in Section 7.1 of the Agreement, the Debtors and the
16 Proposed Purchaser (collectively, the "Parties") have certain rights to terminate the
17 Agreement, including, without limitation,

- 18 i. by mutual written consent of the Debtors and the Proposed Purchaser;
- 19 ii. by Proposed Purchaser if the Bankruptcy Court has not entered the Bid
20 Procedures Order on or before February 15, 2011;
- 21 iii. by Proposed Purchaser, if the aggregate amount of the Break-Up Fee and
22 the Expense Reimbursement agreed upon pursuant to the Bid Procedures
23 Order is less than \$100,000;
- 24 iv. by Proposed Purchaser if (i) the Auction has not concluded on or before
25 March 20, 2011; (ii) the Sale Order has not been entered by the Bankruptcy
26 Court by March 31, 2011; or (iii) the Sale Order has not become a Final
27 Order by April 15, 2011;
- 28 v. subject to certain limitations, by Proposed Purchaser or Debtors if the
Closing Date has not occurred on or before April 30, 2011;

- 1 vi. by either Party if a Governmental Entity issues a ruling or Order prohibiting
2 the transactions contemplated hereby, which ruling or Order is final and
3 non-appealable;
4
5 vii. by Proposed Purchaser or Debtors if Proposed Purchaser is not the winning
6 bidder at the Auction;
7
8 viii. by Proposed Purchaser or the Debtors at any time after any Debtor files a
9 stand-alone Chapter 11 Plan with the Bankruptcy Court or at any time after
10 any Debtor files any Chapter 11 Plan that involves approval of a sale of
11 substantially all or a material portion of the Purchased Assets to a party
12 other than the Proposed Purchaser;
13
14 ix. by Proposed Purchaser if any of the Chapter 11 Cases are converted to cases
15 under Chapter 7 of the Bankruptcy Code, a trustee or examiner with
16 expanded powers is appointed pursuant to the Bankruptcy Code or the
17 Bankruptcy Court enters an order pursuant to section 362 of the Bankruptcy
18 Code lifting the automatic stay with respect to any portion of the Purchased
19 Assets or which results in the loss of a material benefit reasonably expected
20 to be received by Proposed Purchaser;
21
22 x. by Proposed Purchaser if Debtors' exclusive period to file and/or solicit
23 acceptance of a plan of reorganization under section 1121 of the Bankruptcy
24 Code shall have expired or been terminated;
25
26 xi. by Proposed Purchaser if the Payee (as such term is defined in the
27 Promissory Note) terminates disbursements to Sellers to be made in
28 accordance with the terms of the Promissory Note; or
29
30 xii. by Proposed Purchaser if the Sale Order is appealed and the closing of the
31 sale is stayed by the Bankruptcy Court pending appeal.

32 f. **Manner of Sale.** Except as otherwise agreed by the Proposed Purchaser, or a
33 Successful Bidder, the sale of the Purchased Assets will be free and clear of liens,
34 encumbrances, charges, claims and interests of every kind and description, with any and
35 all such liens, encumbrances, charges, claims and interests to attach to the proceeds of
36 the sale in accordance with the Bankruptcy Code and applicable law. Pursuant to the
37 Bid Procedures, the Debtors will provide notice of the Proposed Sale to all parties listed
38 in paragraph 31, *supra*, which assert a security interest in some or all of the Debtors'
39 assets (the "Secured Claimants"), and the Secured Claimants will have an opportunity to
40 object to the Proposed Sale and be heard at the Sale Hearing.

41 g. **Break-Up Fee and Expense Reimbursement.** In order to induce the Proposed
42 Purchaser to expend the time, energy and resources necessary to submit a "stalking

1 horse” bid, Debtors agree to provide, and to seek this Court’s approval of, a Break-Up
2 Fee and an Expense Reimbursement. As set forth in Sections 1.1 and 7.2 of the
3 Agreement, in the event that the Proposed Purchaser is not the Successful Bidder (as
4 defined herein) of the Purchased Assets, the Proposed Purchaser shall be entitled to a
5 Break-up Fee equal to \$75,000 plus an Expense Reimbursement not to exceed
6 \$100,000.

7 33. Section 2.5 of the Agreement also contemplates the approval of the Bid Procedures for
8 solicitation and consideration by the Bankruptcy Court of bids from third parties for the Purchased
9 Assets, which are proposed to govern the Auction and the Sale, including approval of the Break-up
10 Fee. The Bid Procedures are an integral part of the Agreement, and ensure that there will be a fair and
11 expeditious process under which Debtors solicit bids for the sale of their assets and hold an Auction
12 thereon in a manner that would ensure it maximizes the value of the assets for all parties-in-interest.
13 Pursuant to the Agreement, Debtors are seeking approval of the following Bid Procedures:

- 14 a. Participation Requirements. Any person who wishes to participate in the
15 bidding process (a “Potential Bidder”) must become a Qualified Bidder.
16 As a prerequisite to becoming a Qualified Bidder, a Potential Bidder,
17 other than the Proposed Purchaser, must deliver (unless previously
18 delivered) to the following addresses: (i) Areté Holdings, LLC,
19 Attention: Daniel Dempsey, 6263 North Scottsdale Road, Suite 395,
20 Scottsdale, Arizona 85250; (ii) Reed Smith LLP, Attention: Ann E.
21 Pille, 10 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (iii)
22 Stinson Morrison Hecker, LLP, Attn: Josh Kahn, 1850 N. Central
23 Avenue, Suite 2100, Phoenix, Arizona 85004; (iv) True North Partners,
24 LLC, 8455 North 90th Street, Suite 4, Scottsdale, Arizona 85258; and (v)
25 the Office of the United States Trustee, 230 N. 1st Avenue, Suite 204,
26 Phoenix, Arizona 85003:
- 27 i. An executed confidentiality agreement in form and substance satisfactory to
28 Debtors;
- ii. Current audited financial statements of the Potential Bidder, or, if the
Potential Bidder is an entity formed for the purpose of acquiring the
Purchased Assets, including a portion of the Purchased Assets, current
audited financial statements of the equity holders of the Potential Bidder,
who will guarantee the obligations of the Potential Bidder, or such other
form of financial disclosure and credit-quality support or enhancement
acceptable to the Debtors;

- 1 iii. A preliminary (non-binding) proposal reflecting: (i) the purchase price
2 range, (ii) any assets and/or equity interests expected to be excluded, (iii)
3 the structure and financing of the transaction, (iv) any anticipated regulatory
4 approvals required to close the transaction, (v) the anticipated time frame
5 and any anticipated impediments for obtaining such approvals, (vi) any
6 additional conditions to closing that the Potential Bidder may wish to
7 impose, and (vii) the nature and extent of any additional due diligence that
8 the qualified bidder may wish to conduct and the date by which such due
9 diligence would be completed.

10 A Potential Bidder who satisfies the requirements above and whose
11 financial information and credit-quality support or enhancement
12 demonstrate the financial capability of such Potential Bidder to
13 consummate the Sale if selected as a Successful Bidder, and who the
14 Debtors determine is likely (based on availability of financing,
15 experience, and other considerations) to be able to consummate the Sale
16 within the time frame provided by the Agreement, will be deemed a
17 “Qualified Bidder.” Notwithstanding the foregoing, the Proposed
18 Purchaser will be deemed a Qualified Bidder for purposes of the bidding
19 process. As promptly as practicable after a Potential Bidder delivers all
20 of the materials required above, the Debtors will determine, and will
21 notify the Potential Bidder, whether such Potential Bidder is a Qualified
22 Bidder. At the same time that the Debtors notify the Potential Bidder that
23 it is a Qualified Bidder, the Debtors will then promptly allow the
24 Qualified Bidder to begin to conduct due diligence with respect to the
25 Purchased Assets and the Business as described below.

- 26 b. Due Diligence. The Debtors will afford each Qualified Bidder due
27 diligence access to the Purchased Assets and the Business Due diligence
28 access may include such management presentations as may be scheduled
29 by Debtors, access to data rooms, on site inspections, and such other
30 matters which a Qualified Bidder may request and as to which the
31 Debtors may agree. The Debtors will designate an employee or other
32 representative to coordinate all reasonable requests for additional
33 information and due diligence access from Qualified Bidders. Any
34 additional due diligence will not continue after the Bid Deadline. The
35 Debtors may, in their discretion, coordinate diligence efforts such that
36 multiple Qualified Bidders have simultaneous access to due diligence
37 materials and/or simultaneous attendance at management presentations
38 or site inspections. The Debtors (or any of their respective
39 representatives) shall not be obligated to furnish any information relating
40 to Purchased Assets and the Business to any Person other than to
41 Qualified Bidders who make an acceptable preliminary proposal.

- 42 c. Bid Deadline. A Qualified Bidder who desires to make a bid must
43 deliver the Required Bid Documents to: (i) Areté Holdings, LLC,
44 Attention: Daniel Dempsey, 6263 North Scottsdale Road, Suite 395,
45 Scottsdale, Arizona 85250; (ii) Reed Smith LLP, Attention: Ann E.
46 Pille, 10 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (iii)

1 Stinson Morrison Hecker, LLP, Attn: Josh Kahn, 1850 N. Central
2 Avenue, Suite 2100, Phoenix, Arizona 85004; (iv) True North Partners,
3 LLC, 8455 North 90th Street, Suite 4, Scottsdale, Arizona 85258; and
4 (iv) the Office of the United States Trustee, 230 N. 1st Avenue, Suite
5 204, Phoenix, Arizona 85003; so as to be received not later than 11:00
6 a.m. (prevailing Mountain time) on March 1, 2011 (the “Bid Deadline”).
The Debtors may extend the Bid Deadline once or successively, but are
not obligated to do so. If the Debtors extends the Bid Deadline, they will
promptly notify all Qualified Bidders of such extension.

7 d. Bid Requirements. All bids must include the following documents (the
8 “Required Bid Documents”):

- 9 i. A letter stating that the bidder’s offer is irrevocable until two Business Days
10 after the closing of the Sale of the Purchased Assets.
- 11 ii. A complete, comprehensive, and binding asset purchase agreement,
12 together with all schedules and exhibits to such agreement (a “Competing
13 Agreement”)
- 14 iii. A good faith deposit (the “Good Faith Deposit”) in the form of a certified
15 bank check from a U.S. bank or by wire transfer (or other form acceptable
16 to the Debtors in their sole discretion) payable to the order of Arete
17 Holdings, LLC (or such other party as the Debtors may determine) in an
amount equal to 10% of the purchase price identified in the Competing
Agreement.
- 18 iv. Written evidence of a commitment for financing, or other evidence of
19 ability to consummate the proposed transaction, that is satisfactory to the
20 Debtors and their advisors.

21 e. Consideration of Qualified Bids. A bid will be considered only if the
22 bid:

- 23 i. Is not conditioned on obtaining financing or on the outcome of unperformed
24 due diligence by the Qualified Bidder.
- 25 ii. Proposes a transaction on terms and conditions (other than the amount of
26 the consideration and the particular liabilities being assumed) that the
27 Debtors determine are similar to and are not materially more burdensome or
28 conditional than those contained in the Agreement and that has a value,
either individually or, when evaluated in conjunction with any other
Qualified Bid, greater than or equal to the sum of the Purchase Price, plus
the amount of the Break-Up Fee and Expense Reimbursement. In the case
of the initial Qualified Bid, the value of the Qualified Bid must be more
than \$190,000 in excess of the Purchase Price, and, in the case of any
subsequent Qualified Bids, the value of the Qualified Bis must be more than
\$50,000 over the immediately preceding highest Qualified Bid.

- 1 iii. Is not conditioned upon (A) any bid protections, such as a break-up fee,
2 termination fee, expense reimbursement, or similar type of payment and (B)
3 such bid being deemed the Successful Bid by the Debtors.
- 4 iv. Includes an acknowledgement and representation that the bidder: (A) has
5 had an opportunity to conduct any and all due diligence regarding the
6 Purchased Assets prior to making its offer, (B) has relied solely upon its
7 own independent review, investigation, and/or inspection of any documents
8 and/or the Purchased Assets in making its bid, (C) did not rely upon any
9 written or oral statements, representations, promises, warranties, or
10 guaranties whatsoever, whether express, implied, by operation of law, or
11 otherwise, regarding the Purchased Assets, or the completeness of any
12 information provided in connection therewith or the Auction, except as
13 expressly stated in the Agreement or a Competing Agreement.
- 14 v. Includes a commitment to consummate the purchase of the Purchased
15 Assets (including the receipt of any required Governmental Approvals)
16 within not more than 15 days after entry of the Sale Approval Order, or in
17 the case of any governmental approvals, 60 days after entry of such order.
- 18 vi. Is received by the Bid Deadline.

19 A bid received from a Qualified Bidder will constitute a “Qualified Bid”
20 only if it includes all of the Required Bid Documents and meets all of the
21 above requirements; provided, however, the Debtors will have the right
22 to entertain bids for the Purchased Assets that do not conform to one or
23 more of the requirements specified in this section, and may deem such
24 bids to be Qualified Bids, including bids for a portion of the Purchased
25 Assets. Notwithstanding the foregoing, the Agreement will be deemed a
26 Qualified Bid, for all purposes in connection with the Bid Process, the
27 Auction, and the Sale. A Qualified Bid will be valued based upon factors
28 such as the net value provided by such bid and the likelihood and timing
 of consummating such transaction. Each Qualified Bid other than that of
 the Proposed Purchaser is referred to herein as a “Subsequent Bid.”

 If the Debtors do not receive any Qualified Bids other than the
 Agreement received from the Proposed Purchaser, the Debtors will
 report the same to the Bankruptcy Court and will request approval of the
 Sale pursuant to the terms of the Agreement as soon as reasonably
 practicable after the Bid Deadline.

- f. Bid Protection Recognizing the Proposed Purchaser’s expenditure of
 time, energy, and resources, the Debtors have agreed to provide certain
 bidding protections to the Proposed Purchaser. Specifically, the Debtors
 have determined that the Agreement furthers the goals of the Bid
 Procedures by setting a floor which all other Qualified Bids must exceed.
 As a result, the Debtors have agreed that if they do not close with the
 Proposed Purchaser because the Debtors consummate an Alternative
 Transaction, as that term is defined in the Bid Procedures, and the
 Proposed Purchaser is not in breach of the Agreement or the Bidding

Procedures, the Debtors will, in certain circumstances, pay to the Proposed Purchaser a Break-Up Fee and Expense Reimbursement. The payment of the Break-Up Fee will be governed by the provisions of the Agreement and the Bid Procedures Order.

- g. Auction If the Debtors receive one or more Qualified Bids in addition to the Agreement, the Debtors will conduct an auction (the “Auction”) of the Purchased Assets and the Business upon notice to all Qualified Bidders who have submitted Qualified Bids at 11:00 a.m. (prevailing Mountain time) on March 14, 2011, at the offices of Stinson Morrison Hecker LLP, 1850 N. Central Avenue, Suite 2100, Phoenix, Arizona 85004, or such later time or other place as the Debtors will notify all Qualified Bidders who have submitted Qualified Bids (but in no event later than the second Business Day prior to the Sale Hearing), in accordance with the following procedures:

Only the Debtors, the Proposed Purchaser, a representative of the Office of the United States Trustee, a representative of True North, and any Qualified Bidder who has timely submitted a Qualified Bid will be entitled to attend the Auction, and only the Proposed Purchaser and other Qualified Bidders will be entitled to make any subsequent Qualified Bids at the Auction.

At least two Business Days prior to the Auction, each Qualified Bidder who has timely submitted a Qualified Bid must inform the Debtors whether it intends to participate in the Auction and at least one Business Day prior to the Auction, the Debtors will provide copies of the Qualified Bid or combination of Qualified Bids which the Debtors believe is the highest or otherwise best offer (the “High Bid”) to all Qualified Bidders who have informed the Debtors of their intent to participate in the Auction.

All Qualified Bidders will be entitled to be present for all Subsequent Bids with the understanding that the true identity of each bidder will be fully disclosed to all other bidders and that all material terms of each Subsequent Bid will be fully disclosed to all other bidders throughout the entire Auction.

The Debtors may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances (e.g., the amount of time allotted to make Subsequent Bids), provided that such rules are not inconsistent with these Bid Procedures, the Bankruptcy Code, the Bankruptcy Rules, or any order of the Bankruptcy Court entered in connection herewith.

Bidding at the Auction will begin with the High Bid and continue, on terms and conditions identical to the High Bid (other than the name of the purchaser(s)) in minimum increments of at least \$50,000 higher than the previous bid or bids. The Auction will continue in one or more rounds of bidding and will conclude after each Qualified Bidder has had

1 the opportunity to submit one or more additional Subsequent Bids with
2 full knowledge and written confirmation of the then-existing highest bid
3 or bids. For the purpose of evaluating the value of the consideration
4 provided by Subsequent Bids (including any Subsequent Bid by the
Proposed Purchaser), the Debtors may give effect to any Break-Up Fee
that may be payable to the Proposed Purchaser under the Agreement.

5 Notwithstanding the foregoing, the Bankruptcy Court may conduct the
6 Auction at the Sale Hearing.

- 7 h. Selection Of Successful Bid. At the conclusion of the foregoing
8 Auction, or as soon thereafter as practicable, the Debtors will identify the
9 highest offer(s) for the Purchased Assets and the Business received at the
10 Auction (the "Successful Bid(s)" and the bidder(s) making such bid, the
11 "Successful Bidder(s)").

12 The Debtors will sell the Purchased Assets for the highest Qualified Bid
13 to the Successful Bidder upon the approval of such Qualified Bid by the
14 Bankruptcy Court after the Sale Hearing.

15 The Debtors' presentation of a particular Qualified Bid to the Court for
16 approval does not constitute the Sellers' acceptance of the bid. The
17 Debtors will be deemed to have accepted a bid only when the bid has
18 been approved by the Bankruptcy Court at the Sale Hearing.

- 19 i. The Sale Hearing. The Sale Hearing will be held in the above-captioned
20 proceeding on March 18, 2011, at a time acceptable to the Bankruptcy
21 Court in the United States Bankruptcy Court for the District of Arizona,
22 230 N. 1st Avenue, Courtroom 703, Phoenix, Arizona, 80053, but may be
23 adjourned or rescheduled in the Debtors' reasonable discretion, subject
24 to Bankruptcy Court approval, as necessary, without further notice other
25 than an announcement of the adjourned date at the Sale Hearing. The
26 Bankruptcy Court may conduct the Auction at the Sale Hearing. If the
27 Debtors do not receive any Qualified Bids (other than the Qualified Bid
28 of the Proposed Purchaser), the Debtors will report the same to the
Bankruptcy Court at the Sale Hearing and will proceed with a sale of the
Purchased Assets to the Proposed Purchaser following entry of the Sale
Order. If the Debtors do receive additional Qualified Bids, then, at the
Sale Hearing, the Debtors will seek approval of the Successful Bid(s) as
well as the second highest or best Qualified Bid(s) (the "Alternate
Bid(s)," and such bidder(s), the "Alternate Bidder(s)"). Following
approval of the Sale to the Successful Bidder(s), if the Successful
Bidder(s) fail(s) to consummate the sale because of: (i) failure of a
condition precedent beyond the control of either the Debtors or the
Successful Bidder(s) or (ii) a breach or failure to perform on the part of
such Successful Bidder(s), then the Alternate Bid(s) will be deemed to be
the Successful Bid(s) and the Debtors will be authorized, but not
directed, to effectuate a sale to the Alternate Bidder(s) subject to the
terms of the Alternate Bid(s) of such alternate Bidder(s) without further
order of the Bankruptcy Court.

1 C. **Debtor's Anticipated Timeline for the Bankruptcy**

2 34. Debtors are filing this Motion contemporaneously with the filing of its Chapter 11
3 petition, and plan on consummating the Proposed Sale as quickly as possible. The Agreement requires
4 that the Court schedule a hearing to approve the Bid Procedures and enter an order approving the Bid
5 Procedures no later than February 15, 2011, that the Sale Order be entered no later than March 31,
6 2011, and that the Closing Date occur no later than April 30, 2011.

7 35. For these reasons, the Debtors request that the Court set an emergency hearing on
8 approval of the Bid Procedures, including consideration of the Break-Up Fee and the Expense
9 Reimbursement, within ten (10) days of the filing of this Motion, to expedite the sale process while
10 providing any potential bidders a sufficient opportunity to perform due diligence and appear and bid
11 for the Purchased Assets. As set out above, Debtors have already spent substantial time and effort
12 marketing their Business, and the only serious expression of interest was from the Proposed Purchaser.
13 Debtors' continued operations will be funded post-petition through a stipulation for the use of cash
14 collateral and certain debtor-in-possession funding provided by True North (the "DIP Facility"), which
15 contemplates timely consummation of the proposed sale. Without the use of cash collateral and/or the
16 DIP Facility, Debtors may be unable to continue operations, resulting in a liquidation rather than a sale
17 of a going business. Given the expedited schedule required by the Proposed Purchaser in the
18 Agreement, it is questionable whether the deadlines will be met if hearings on both the Bid Procedures
19 and the sale are set in the ordinary course. Debtors have therefore requested that the Court set the
20 hearing on approving the Bid Procedures, including the Break-Up Fee, on an emergency basis.

21 36. Debtors have already undertaken substantial efforts to market their assets, and plan on
22 continuing to do so up until the Auction. To maximize the time that interested parties will have to
23 conduct due diligence and prepare Auction bids, Debtors will hold the Auction approximately one
24 week prior to the Sale Hearing, or, if the Court orders otherwise, at the Sale Hearing. If no competing
25 Qualified Bids are received, Debtor will proceed with the sale of the Purchased Assets to the Proposed
26 Purchaser, and will present the sale pursuant to the terms of the Agreement to the Court for approval at
27 the Sale Hearing. If a competing Qualified Bid is received, and such Qualified Bid presents the
28

1 highest and best offer for the Purchased Assets, then Debtor will seek to approve the Qualified Bid and
2 such Successful Bidder at the Sale Hearing.

3 37. Debtors further intend on filing a Plan of Reorganization (the "Proposed Plan") prior to
4 the Sale Hearing. The Proposed Plan will provide for the treatment of Debtors' creditors and interest
5 holders, and will provide for the liquidation of any remaining assets that are not included in the
6 Proposed Sale.

7 **III. RELIEF REQUESTED**

8 38. Through this Motion, Debtors seek the following relief:

9 a. Approval of Certain Auction and Bid Procedures and Break-up Fee. Pursuant
10 to the Agreement, unless the Court prefers that the Auction occur at the Sale Hearing, a sale is
11 proposed to be conducted by auction followed by an approval hearing before the Court. The Proposed
12 Purchaser will serve as a stalking horse purchaser at the Auction. The Bid Procedures include, inter
13 alia, approval of a Break-up Fee and Expense Reimbursement if Proposed Purchaser is unsuccessful,
14 and entry of a Bid Procedures Order acceptable to Proposed Purchaser. Debtors request that the Court
15 enter an order approving the Bid Procedures described above, and ordering that the Auction and the
16 Sale Hearing be held in accordance with such Bid Procedures.

17 b. Setting a Time and Date for a Hearing on Approval of the Bid Procedures and
18 Proposed Sale. Debtors request that the Court set a time and date for a hearing on the sale of the
19 Purchased Assets to the successful bidder at the Auction. Unless the Court orders that the Court will
20 conduct the Auction at the Sale Hearing, Debtors will schedule the Auction at least one week prior to
21 the Sale Hearing.

22 c. Approving the Form for Notice of the Auction and Sale Hearing. Debtors
23 request that the Court approve the form and procedure for Debtors to provide notice of the Auction and
24 Sale Hearing.

25 d. Approving Asset Purchase Agreement, Including Assumption and Assignment of
26 the Assumed Contracts. Debtors seeks entry of a final order at the Sale Hearing approving the
27 Agreement and the sale of the Purchased Assets thereunder, including assumption and assignment of
28 the Assumed Contracts, free and clear of liens, claims and encumbrances.

1 e. Approving the Debtors' Name Change Following the Closing of the Sale and the
2 Modification of the Caption for These Chapter 11 Cases. Given that the Agreement contemplates that
3 the Proposed Purchaser will purchase as a Purchased Asset all rights in the Debtors' corporate names,
4 the Debtors request that, as soon as practicable after Closing, the Debtors be permitted to effectuate a
5 name change to change the names of the Debtors. In addition, upon a filing by the Debtors of a notice
6 that the Closing has occurred, the Debtors request that the Clerk of the Bankruptcy Court be directed to
7 change the name of the Debtors on the docket of these Chapter 11 Cases and revise the captions of
8 these Chapter 11 Cases accordingly.

9 **IV. BASIS FOR RELIEF**

10 **A. The Sale of the Purchased Assets**

11 39. Bankruptcy Code § 363(b)(1), provides that the "trustee, after notice and a hearing, may
12 use, sell, or lease, other than in the ordinary course of business, property of the estate..." 11 U.S.C.
13 § 363(b)(1). Although Bankruptcy Code § 363 does not set forth a standard for determining when it is
14 appropriate for a court to authorize the sale or disposition of a debtor's assets, courts have uniformly
15 held that approval of a proposed sale of property under Bankruptcy Code § 363(b) is appropriate if the
16 transaction is supported by the sound business judgment of the debtor. *See Committee of Equity*
17 *Securityholders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063 (2d Cir. 1983); *see also In re*
18 *Delaware & Hudson Ry. Co.*, 124 B.R. 169, 176 (D.Del. 1991); *Stephens Indus. V. McClung*, 789 F.2d
19 386, 398-90 (6th Cir. 1986).

20 40. Courts have traditionally applied four factors in determining whether a sound business
21 justification exists to authorize a debtor to sell assets outside of the ordinary course: (i) whether a
22 sound business reason exists for the proposed transaction; (ii) whether fair and reasonable
23 consideration is being provided; (iii) whether the transaction has been proposed and negotiated in good
24 faith; and (iv) whether adequate and reasonable notice is provided. *See In re Delaware & Hudson Ry.*
25 *Co.*, 123 B.R. at 175 (adopting the *Lionel* factors in determining whether sound business purpose exists
26 for sale outside ordinary course of business).

1 41. As discussed in the Dempsey Declaration, business exigencies justify a prompt sale of
2 Debtors' Assets on an ongoing basis. Debtors have been operating at a loss and have limited funding
3 to maintain operations. To support an expedited sale, Debtors' ultimate parent, True North, has agreed
4 to provide debtor-in-possession financing to the Debtors in accordance with the DIP Facility for which
5 separate approval is being sought. Debtors undertook their best efforts to market the sale of the
6 Purchased Assets, and negotiated the Proposed Sale in good faith and at arms-length. Debtors believe
7 that the Purchased Assets have been sufficiently exposed to the market, and that the Bidding
8 Procedures will ensure that the Proposed Sale, in conjunction with the Bidding Procedures, will result
9 in the highest or otherwise best offer for the Purchased Assets, and represent the best scenario for
10 Debtors' estate and creditors.

11 B. **Sale Free and Clear of Liens, Claims, Encumbrances and Interests**

12 42. Debtors are requesting authorization to sell the Purchased Assets free and clear of liens,
13 claims, encumbrances and interests. Bankruptcy Code § 363(f) authorizes the debtor-in-possession to
14 sell property under section 363(b) "free and clear of any interest in such property an entity other than
15 the estate" if one of the following conditions is satisfied:

- 16 (1) applicable nonbankruptcy law permits the sale of such property free and clear of
17 such interest;
18 (2) such entity consents;
19 (3) such interest is a lien and the price at which such property is to be sold is greater
20 than the aggregate value of all liens on such property;
21 (4) such interest is in bona fide dispute; or
22 (5) such entity could be compelled, in a legal or equitable proceeding, to accept a
23 money satisfaction of such interest.

24 11 U.S.C. § § 363(f)(1) – (f)(5).

25 43. Debtors submit that, with regard to the Secured Claimants, either the Secured Claimants
26 have consented to the Proposed Sale or the creditors will be paid their secured claims in full from the
27 Proposed Sale. Consequently, the proposed sale free and clear of all liens, claims, encumbrances and
28 interests satisfies § 363(f) of the Bankruptcy Code.

1 C. **Determination of Good Faith Purchaser**

2 44. Section 363(m) of the Bankruptcy Code provides that the reversal or modification on
3 appeal of an order approving a sale under sections 363(b) or (c) does not affect the validity of a sale to
4 an entity that purchased property in good faith, whether or not it knew of the appeal, unless the sale
5 was stayed pending appeal. If a Qualified Bidder is the Successful Bidder, Debtors will ask the Court
6 at the Sale Hearing to determine that the Successful Bidder is a good faith purchaser entitled to the
7 protection of section 363(m).

8 D. **Assumption and Assignment of the Executory Agreements**

9 45. Section 365(a) of the Bankruptcy Code provides that a debtor-in-possession may
10 assume any executory contract or unexpired lease, subject to approval of the Bankruptcy Court.
11 Section 365(f) provides that a debtor-in-possession may assign an executory contract or unexpired
12 lease if the debtor-in-possession assumes such contract or lease in accordance with Section 365(a) and
13 adequate assurance of future performance by the assignee of such contract or lease is provided.

14 46. Moreover, the business judgment test applies to the Court's determination of whether to
15 approve a debtor's assumption and assignment of an executory contract. Approval under Section 365
16 is appropriate if the debtor's business judgment is that assumption and assignment would be beneficial
17 to the estate. *See In re Bildisco*, 682 F.2d 72, 79 (3d Cir. 1982), *aff'd* 465 U.S. 513 (1984); *In re*
18 *Transworld Airlines, Inc.*, 261 B.R. 103, 120-21 (Bankr.D.Del. 2001).

19 47. Debtors are only seeking in this motion to assume Assumed Contracts. Debtors believe
20 that the assumption of such Assumed Contracts is in the best interest of the estate because it will
21 facilitate the Proposed Sale, and ensure the highest sale price by increasing the value of the sssets
22 being transferred.

23 48. Debtors believe that all Counterparties to the Assumed Contracts will be satisfied that
24 the Proposed Purchaser, or the Successful Bidder, will be capable of curing arrearages and performing
25 under the Assumed Contracts.
26
27
28

1 E. **The Court Should Authorize Debtors to Conduct the Auction in Accordance with**
2 **the Bid Procedures**

3 49. Pursuant to Bankruptcy Rule 6004(f)(1), sales of property outside of the ordinary course
4 of business may be by private sale or by public auction. By this Motion, Debtors seek authority to
5 proceed with the Auction in accordance with the Bid Procedures. As set forth above, Debtors have
6 determined that the sale of their assets through the Auction will enable them to obtain the highest and
7 best offers for the assets, and thus maximize the value of the estate for the benefit of its creditors.
8 Accordingly, Debtors believe it is in the best interest of Debtors, their estates, and their creditors to
9 conduct the Auction and consummate the sale. Debtors propose to conduct the Auction on the terms
10 and conditions set forth in the Bid Procedures detailed above.

11 50. The Auction and Bid Procedures represent the outcome of lengthy discussions and
12 negotiations among Debtors, True North and the Proposed Purchaser, and Debtors believe the Bid
13 Procedures fairly balance the interests of all parties and are reasonably calculated to promote a fair and
14 equitable process for the sale of the Purchased Assets. The Bid Procedures are intended to provide any
15 interested parties with a reasonable period of time to conduct due diligence and, if qualified, to submit
16 bids, while still providing a prompt, orderly process addressing Debtors' urgent need to sell the
17 Purchased Assets in an expeditious manner, and protecting the Proposed Purchaser's financial and
18 temporal investment. Debtors believe that the Bid Procedures, coupled with their prepetition efforts to
19 identify potential purchasers of the Purchased Assets, should result in a successful auction and sale
20 process. Accordingly, Debtors believe that good cause exists to approve the terms and conditions of
21 the Bid Procedures, and that the Bid Procedures are a fair and reasonable means to achieve a sale of the
22 Purchased Assets to the Proposed Purchaser or the Successful Bidder. Debtors therefore request that
the Court enter its Order approving the Bid Procedures.

23 F. **The Break-Up Fee and Expense Reimbursement are Warranted**

24 51. Under the terms of the Agreement and the Bid Procedures, if a Qualified Bid is
25 accepted by Debtors and approved by the Court, the Proposed Purchaser will be entitled to a Break-Up
26 Fee equal to \$75,000, together with the Proposed Purchaser's reasonable out-of-pocket legal and other
27 fees and expenses not to exceed \$100,000.

1 52. In the context of bankruptcy cases, it is frequently appropriate to grant protections to the
2 "stalking horse" bidder. Buyer protections, including break-up fees, are designed to compensate a
3 prospective purchaser for the costs and risks involved in preparing and proposing a bid that will
4 establishing a minimum standard for competing bids. *In re Integrated Resources, Inc.*, 147 B.R. 650,
5 58 (S.D.N.Y. 1992). Historically, bankruptcy courts have approved break-up fees under the "business
6 judgment rule," which proscribes judicial second-guessing of the actions of management taken in good
7 faith and in the exercise of honest judgment. *In re Integrated Resources, Inc.*, the leading case on
8 break-up fees, established three basic factors for determining whether to approve such fees: (i)
9 whether the relationship between the initial bidder and the seller is tainted by self-dealing or
10 manipulation; (ii) whether the fee is designed to encourage bidding; and (iii) whether the amount of the
11 fee is reasonable in relation to the purchase price. *Id.* at 657-58.

12 53. Debtors submit that the Break-Up Fee satisfies the three factors set forth in *In re*
13 *Integrated Resources*. First, there is no relationship between Debtors and Proposed Purchaser. The
14 Proposed Purchaser is a subsidiary of CRA, which has no interest in or affiliation with the Debtors.
15 Second, the Break-Up Fee and Expense Reimbursement is an inseparable component of the
16 Agreement. The Agreement encourages bidding by (i) providing a platform upon which Qualified
17 Bids may be made, and (ii) inspiring interest in the Purchased Assets by providing a recognizable and
18 well-respected institution that is interested in purchasing the Purchased Assets. Finally, the Break-Up
19 Fee and Expense Reimbursement are reasonable in light of the time and effort invested by the
20 Proposed Purchaser in connection with the Agreement and the Proposed Sale.

21 54. In the Ninth Circuit, courts have held that, in considering whether to approve a break-up
22 fee, the court must determine whether the transaction will "further the diverse interests of the debtor,
23 creditors and equity holders, alike," *In re America West Airlines, Inc.*, 166 B.R. 908, 912
24 (Bankr.D.Ariz. 1994) *quoting In re Lionel Corp.*, 722 F.2d at 1071, and "be carefully scrutinized to
25 insure that the Debtor's estate is not unduly burdened and that the relative rights of the parties in
26 interest are protected." *Id.*, *citing In re Hupp Indus., inc.*, 140 B.R. 191, 196 (Bankr.N.D.Ohio 1992).
27 Debtors submit that the Break-up Fee and Expense Reimbursement fall within these standards and
28 should be approved.

1 55. Debtors' decision to sell the Purchased Assets is based upon its reasonable exercise of
2 the Debtors' sound business judgment. Debtors have undertaken significant efforts to sell the
3 Purchased Assets, and to the best of their knowledge, the Proposed Sale represents Debtors' highest,
4 best and only offer for the Purchased Assets. Debtors believe the terms of the Agreement are fair and
5 reasonable and represent the best, and perhaps only, chance of providing some recovery for Debtors'
6 unsecured creditors.

7 56. The Break-Up Fee and Expense Reimbursement were highly negotiated components of
8 the Agreement. Moreover, the Break-Up Fee and Expense Reimbursement will only be payable if
9 Debtors receive a higher or better offer than the proposed price, and pursuant to the Bid Procedures,
10 any initial Qualified Bid must exceed the proposed sale price by \$190,000. Consequently, in the event
11 a Break-Up Fee and Expense Reimbursement are paid, they will necessarily be on account of a sale
12 price that exceeds the Proposed Sale price by at least \$190,000.

13 **G. Scheduling a Hearing on the Proposed Sale and Bid Procedures**

14 57. As discussed above, in light of Debtors' cash position, the terms of the DIP Facility, and
15 the terms of the Agreement, Debtors request that the Court schedule an emergency hearing to approve
16 the Bid Procedures, including approving the Break-Up Fee and Expense Reimbursement within ten
17 (10) days of the date of this Motion. Debtors further request the Court schedule the Sale Hearing for a
18 date that is no later than thirty (30) days after entry of the Bid Procedures Order.

19 58. The Debtors will timely give notice of this Motion, the hearing on the Bid Procedures,
20 and the Sale Hearing, as they are set. Moreover, Debtors will schedule and give notice of the proposed
21 Auction upon the Court's setting of the Sale Hearing (unless the Court orders that it will conduct the
22 Auction at the Sale Hearing), and such Auction will be held at the offices of Stinson Morrison Hecker,
23 LLP, 1850 N. Central Ave., Suite 2100, Phoenix, Arizona, 85004-4584.

24 **H. Notice of Auction and Sale Hearing**

25 59. In accordance with Bankruptcy Rule 2002, Debtors propose to give notice of the
26 Auction and Sale Hearing substantially in the form attached to the hereto as Exhibit B (the "Auction
27 and Sale Hearing Notice") by first class mail deposited as soon as practicable after the date of the
28

1 Order setting the date and time of the Sale Hearing to (i) the Office of the United States Trustee, (ii) all
2 counterparties to the Assumed Contracts, (iii) all creditors of the Debtors, (iv) all parties who have
3 expressed interest to Debtors in acquiring the Purchased Assets, (v) all appropriate federal, state and
4 local taxing authorities, and (vi) all parties having filed a notice of appearance in the this case.

5 60. The Auction and Sale Hearing Notice will set forth, among other things, a general
6 description of Debtors' business, including the Purchased Assets, the Assumed Contracts, the Bid
7 Procedures and the name and address of a contact person for Debtors. Debtors submit that such notice
8 constitutes good and sufficient notice of the Auction and the Sale Hearing and that no further notice
9 need be given. Accordingly, Debtors request the Court approve the form and manner of notice set
10 forth herein.

11 **V. CONCLUSION**

12 WHEREFORE, Debtors respectfully request that the Court

13 (A) Set a hearing to approve the Bid Procedures, including the Break-Up Fee, on an
14 emergency basis;

15 (B) Enter a Bid Procedures Order in the form of Exhibit C hereto, authorizing the sale of the
16 Purchased Assets through the Auction and approving the Bid Procedures, including the Break-Up Fee
17 and Expense Reimbursement;

18 (C) Set a hearing on approval of the sale of Debtors' assets no later than March 18, 2011;

19 (D) Enter a Sale Order, at or after the Sale Hearing, in the form of Exhibit D, hereto, approving
20 the Agreement and authorizing and approving the sale of substantially all of Debtors' assets free and
21 clear of all liens, claims, interests and encumbrances pursuant to Section 363 of the Bankruptcy Code;

22 (E) Approve the assumption and assignment to the successful bidder, pursuant to Section 365
23 of the Bankruptcy Code, of the Assumed Contracts included on Schedule 1.1(a) of the Agreement, as
24 may be supplemented and/or modified by Proposed Purchaser in accordance with the Agreement; and

25 (F) Approve the form for providing notice of the Auction and Sale Hearing in the form
26 attached hereto as Exhibit B.

1 RESPECTFULLY SUBMITTED this January 26, 2011.

2
3 **STINSON MORRISON HECKER LLP**

4 By: /s/ Josh Kahn (#026284)

5 C. Taylor Ashworth
6 Christopher Graver
7 Josh Kahn
8 1850 N. Central Avenue, Suite 2100
9 Phoenix, Arizona 85004-4584
10 and
11 **REED SMITH LLP**
12 Alexander Terras
13 10 S. Wacker Drive, Suite 4000
14 Chicago, Illinois 60606
15 Proposed Attorneys for Debtors

11 COPY of the foregoing sent this January 26,
12 2011, to:
13 Office of the U.S. Trustee
14 230 N First Ave #204
15 Phoenix AZ 85003-1706

14 And the list of 20 largest creditors for each
15 case, a list of which is attached hereto.

16 /s/ Rebecca J. McGee
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EXHIBIT "A"

ASSET PURCHASE AGREEMENT

BY AND AMONG

ARETÉ SLEEP, LLC,

ARETÉ SLEEP THERAPY, LLC,

ARETÉ HOLDINGS, LLC

ARETÉ NW, LLC

ARETÉ SLEEP THERAPY NW, LLC

AND

SLEEP SCIENCE, INC.

DATED AS OF JANUARY 25, 2011

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "**Agreement**") is entered into as of January 25, 2011 by and among (i) **ARETÉ SLEEP, LLC**, a Delaware limited liability company, **ARETÉ SLEEP THERAPY, LLC**, a Delaware limited liability company, **ARETÉ NW, LLC**, a Delaware limited liability company, and **ARETÉ SLEEP THERAPY NW, LLC**, a Delaware limited liability company (each a "**Seller**", and collectively, "**Sellers**"), (ii) **ARETÉ HOLDINGS, LLC**, a Delaware limited liability company ("**Seller Parent**"), and (iii) **SLEEP SCIENCE, INC.**, a Delaware corporation ("**Buyer**"). Buyer, Sellers and Seller Parent are sometimes referred to as the "**Parties**", and each a "**Party**".

WHEREAS, Sellers are engaged in the business of owning and operating sleep health centers and diagnostic testing facilities and renting and selling durable medical equipment (the "**Business**") and owns or has the right to use all of the Purchased Assets;

WHEREAS, on January __, 2011 (the "**Petition Date**"), each Seller filed a voluntary petition (the "**Petitions**") for relief commencing cases (the "**Chapter 11 Cases**") under Chapter 11 of Title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the District of Arizona (the "**Bankruptcy Court**");

WHEREAS, the Buyer desires to purchase, and Sellers desire to sell to the Buyer, the Purchased Assets, and the Buyer is willing to assume, and Sellers desire to assign and delegate to the Buyer, the Assumed Liabilities, upon the terms and conditions hereinafter set forth (the sale and purchase of the Purchased Assets and the assignment and assumption of the Assumed Liabilities are collectively referred to herein as the "**Asset Purchase**");

WHEREAS, the Parties intend to effectuate the transactions contemplated by this Agreement through a sale of the Purchased Assets pursuant to Sections 105, 363 and 365 of the Bankruptcy Code; and

WHEREAS, the execution and delivery of this Agreement by Sellers and Sellers' ability to consummate the transactions set forth in this Agreement are subject, among other things, to the entry of the Sale Order by the Bankruptcy Court under, *inter alia*, Sections 105, 363 and 365 of the Bankruptcy Code.

WHEREAS, with the exception of Areté Sleep Therapy NW, LLC, which is a wholly-owned subsidiary of Areté Sleep NW, LLC, Seller Parent holds not less than 99% of the membership interests of each Seller; and

WHEREAS, Sellers desire to sell and Buyer desires to purchase the Purchased Assets in exchange for, upon the terms of and subject to the conditions of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Article I

Definitions

Section 1.1 Defined Terms. In this Agreement, the following terms shall have the following respective meanings:

"2010 OIG Claim" has the meaning set forth in the definition of "Excluded Liabilities" herein.

"Accounts Receivable" has the meaning set forth in the definition of "Excluded Assets" herein.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such first Person.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Applicable Rate" means the rate of interest from time to time announced publicly by JPMorgan Chase Bank, N.A., as its prime rate.

"Asset Purchase" has the meaning set forth in the Recitals.

"Assumed Contracts" means the Contracts specifically listed on Schedule 1.1(a).

"Assumed Liabilities" means those obligations of any Seller related solely to the Assumed Contracts (in each case, in no event to include any obligations of any Seller or their Affiliates that relate to any breach of representation, warranty, covenant or agreement that arose on or prior to the Closing Date under any Assumed Contract); provided, that, in no event will the Assumed Liabilities include obligations of any Seller that are to be paid or performed on or before the Closing Date.

"Assumption Agreement" has the meaning set forth in Section 2.1(c).

"Avoidance Actions" means all claims, causes of action and rights of any Seller under Sections 544 through 553 of the Bankruptcy Code

"Bankruptcy Code" has the meaning set forth in the Recitals.

"Bankruptcy Court" has the meaning set forth in the Recitals.

"Benefit Plan" means any "employee benefit plan" (as such term is defined in ERISA § 3(3)) and any other benefit plan, program or arrangement of any kind.

"Bid Procedures" means bid procedures in substantially the form attached hereto as Exhibit A, to be approved by the Bankruptcy Court pursuant to the Bidding Procedures Order,

provided that any changes or modifications to Exhibit A shall be in form and substance acceptable to Buyer.

"Bid Procedures Order" means an Order of the Bankruptcy Court in substantially the form attached hereto as Exhibit B approving the Bidding Procedures, the Break-Up Fee and the Expense Reimbursement, provided that any changes or modifications to Exhibit B that relate to provisions other than the Break-Up Fee and Expense Reimbursement shall be in form and substance reasonably acceptable to Buyer; and provided, further, that, except as expressly limited herein, any changes or modifications to Exhibit B that relate to the Break-Up Fee and Expense Reimbursement shall be in form and substance acceptable to Buyer in its sole discretion.

"Bill of Sale" has the meaning set forth in Section 2.1(c).

"Break-Up Fee" means an amount equal to Seventy-Five Thousand Dollars (\$75,000) which shall be afforded the protections, and be paid, as set forth in Section 7.2.

"Business" has the meaning set forth in the Recitals.

"Business Day" means any day, other than a Saturday or Sunday, on which commercial banks in New York, New York are open for the general transaction of business.

"Business Proprietary Rights" has the meaning set forth in the definition of "Purchased Assets" herein.

"Business Software" has the meaning set forth in Section 3.9(e).

"Business Systems" means Sellers' computer systems, including the Software, firmware, hardware, networks, interfaces, and related systems owned, leased or licensed for use by any Seller in the Business included on Schedule 3.9(e).

"Buyer" has the meaning set forth in the preamble to this Agreement.

"Buyer Indemnitee" has the meaning set forth in Section 6.2(a).

"CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

"Certifications" has the meaning set forth in the definition of "Purchased Assets" herein.

"Chapter 11 Cases" has the meaning set forth in the Recitals.

"Closing" has the meaning set forth in Section 2.3.

"Closing Date" has the meaning set forth in Section 2.3.

"Closing Purchase Price" means the Purchase Price less the Holdback Amount.

"Closing Transactions" has the meaning set forth in Section 2.4.

"COBRA" has the meaning set forth in Section 3.14(e).

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Consent" means any consent, order, approval, authorization or other action of, or any filing with or notice to or other action with respect to, any Governmental Entity or any other Person which is (a) required or necessary for any of (i) the execution, delivery or performance of this Agreement or any other Transaction Document, (ii) the consummation of any Closing Transaction or other transaction contemplated hereby or thereby, or (iii) the conduct of the Business by Buyer after Closing in the same manner as presently conducted or proposed to be conducted by any Seller or the holding or utilization of any Purchased Asset thereafter, whether such requirement or necessity arises pursuant to any Legal Requirement, Contract, License, or Certification (including any of the foregoing which is required in order to prevent a breach of or a default under or a termination or modification of any Contract) or (b) set forth on the attached Schedule 3.4.

"Contract" means any oral or written agreement, instrument, document, lease, license, contract, assignment or other business or commercial arrangement (in each case, including any extension, renewal, amendment or other modification thereof) to which any Seller is party or by which it is bound or to which it or any Purchased Asset is subject or which pertains to the Business.

"Cure Costs" has the meaning set forth in Section 2.5(f).

"Environmental and Safety Requirements" shall mean, whenever in effect, all federal, state, local and foreign statutes, regulations, ordinances and other provisions having the force or effect of law, all judicial and administrative orders and determinations, all contractual obligations and all common law, in each case concerning public health and safety, worker health and safety, or pollution or protection of the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" has the meaning set forth in the definition of "Excluded Liabilities" herein.

"Excluded Assets" means any Seller's rights in, to and under the following, in each case to the extent existing immediately prior to the Closing Date:

(a) Corporate Books and Records. All minutes of meetings of the board of directors, equityholders, partners or members of each Seller and files and other records which are not Transferred Records;

(b) Accounts Receivable. All trade receivables, accounts receivable, accrued receivable and notes receivable and other monies receivable relating to or arising out of the Business or any Purchased Asset (the "Accounts Receivable");

(c) Cash. All of any Seller's cash, undeposited funds and cash equivalents as of the Closing Date;

(d) Transaction Documents. The Transaction Documents;

(e) Non-Assumed Contracts. The Non-Assumed Contracts;

(f) Equity Interests. The capital stock or membership interests, as the case may be, of any Seller;

(g) Rejected Capital Assets. The Rejected Capital Assets, subject to the provisions of subclause (c) of the definition of "Purchased Assets"; and

(h) Paper Medical Records. Any paper patient medical records held by any Seller.

"Excluded Liabilities" means all Liabilities and obligations of each Seller or its respective Affiliates (or otherwise relating to any Seller, its Affiliates, the Business or the Purchased Assets) other than the Assumed Liabilities, including all Liabilities and obligations:

(a) relating to or arising under or in connection with any Plan, any "employee benefit plan" (as defined in ERISA § 3(3)), or any other benefit plan, program or arrangement of any kind at any time maintained, sponsored or contributed or required to be contributed to by any Seller or any Person which is or has ever been under common control, or which is or has ever been treated as a single employer, with any Seller under Code § 414 ("**ERISA Affiliate**") or with respect to which any Seller or any ERISA Affiliate has any Liability;

(b) pertaining to the employment or service with, or termination from employment or service from, any Seller or any ERISA Affiliate, of any individual;

(c) relating to any claims (whether asserted before or after the Closing Date) for any breach of a representation, warranty or covenant, or for any claim for indemnification, contained in any Assumed Contract agreed to be performed pursuant to this Agreement by Buyer, to the extent that such breach or claim arises out of or by virtue of any Seller's performance or nonperformance thereunder prior to the Closing Date, it being understood that, as between the Parties hereto, this subsection shall apply notwithstanding any provision which may be contained in any form of consent to the assignment of any such Assumed Contract, which by its terms, imposes such Liabilities upon Buyer and which assignment is accepted by Buyer notwithstanding the presence of such a provision, and that such Seller's failure to discharge any such Liability shall entitle Buyer to indemnification in accordance with the provisions of Article VI hereof;

(d) relating to warranty Liabilities of any Seller with respect to any products, merchandise or services of the Business sold or rendered on or prior to the Closing Date; it being understood and agreed that any such claim or Liability asserted after the Closing Date arising out of any such sale or service prior to the Closing Date shall be considered to be a claim against or a Liability of such Seller and therefore not assumed hereunder by Buyer;

(e) relating to any Liabilities of any Seller with respect to such Seller's failure to take reasonable steps to safeguard the Proprietary Rights or the Business Systems utilized in the Business by such Seller;

(f) relating to Liabilities of any Seller for injury to or death of persons or damage to or destruction of property (including any worker's compensation claim) with respect to acts or omissions by such Seller which occur on or prior to the Closing Date regardless of when said claim or Liability is asserted, including any claim for consequential damages in connection with the foregoing; it being understood and agreed that any such claim or Liability asserted after the Closing Date, but arising from acts or omissions by such Seller which occur before the Closing Date shall be considered to be a claim against or a Liability of such Seller for injury to or death of persons or damages to or destruction of property and therefore not assumed hereunder by Buyer;

(g) arising out of or relating to infringement, misappropriation of or other conflict with the Proprietary Rights of any Person to the extent the same arise out of acts or omissions occurring on or prior to the Closing Date;

(h) arising out of violations occurring on or prior to the Closing Date of any Legal Requirement;

(i) arising out of any conduct, acts or omissions giving rise to the allegations made by, or settlement entered into with, the Department of Health and Human Services Office of Inspector General, the Centers for Medicare and Medicaid Services or any other Governmental Entity, including, without limitation, all Liabilities and obligations relating to the subpoena received by Seller Parent on January 6, 2010 regarding the submission of alleged improper claims related to Medicare and Medicaid (the "**2010 OIG Claim**");

(j) arising out of or relating to any Environmental and Safety Requirement, irrespective of whether such liability is incurred by Buyer or any Seller in the first instance;

(k) in respect of any claim, action, litigation, suit, proceeding, hearing or investigation of any Seller or related to the Business or any Purchased Asset arising on or prior to the Closing Date (whether asserted or commenced before or after the Closing Date);

(l) relating to the Excluded Assets (but, with respect to the Rejected Capital Assets, subject to the provisions of subclause (c) of the definition of "Purchased Assets");

(m) with respect to Indebtedness of any Seller or any of its Affiliates or dividends payable by any Seller whether incurred or accrued before or after the Closing Date;

(n) relating to membership interests of any Seller or any operating agreement to which any Seller is party;

(o) relating to obligations of any Seller under this Agreement or any Transaction Document;

(p) relating to any transactions between any Seller and any of its Insiders whether occurring before or after the Closing Date;

(q) for or on account of any Tax;

(r) under capitalized leases (other than any capitalized leases that are Assumed Contracts) with respect to which any Seller is liable, contingently or otherwise, as obligor, guarantor or otherwise, or with respect to which any Seller assures a creditor against loss;

(s) relating to Liens on the Purchased Assets arising on or before the Closing Date;

(t) any amounts payable for fees or expenses incurred by any Seller in respect to this Agreement, the agreements contemplated hereby and/or the transactions contemplated hereby and thereby or otherwise in connection with such Seller's sale of the Purchased Assets, including all amounts payable to Reed Smith LLC, or to any of their respective Affiliates and all amounts payable in connection with any employee transaction bonuses; and

(u) without limitation by the specific enumeration of the foregoing, any other obligation or Liability not expressly included in the definition of Assumed Liabilities.

"Expense Reimbursement" has the meaning set forth in Section 7.2(a).

"FIRPTA Certificate" has the meaning assigned to it in Section 2.4(a)(v).

"GAAP" means U.S. generally accepted accounting principles, as in effect from time to time.

"Government Programs" has the meaning set forth in Section 3.16(b).

"Governmental Entity" means any government, agency, governmental department, commission, board, bureau, court, arbitration panel or instrumentality of the United States of America or any other country or any state or other political subdivision thereof, including any contractors, subcontractors or agents thereof, as well as Medicare Advantage and Medicaid Plans (whether now or hereafter constituted and/or existing) and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Holdback Amount" means \$125,000.

"Indebtedness" means, without duplication, (i) any indebtedness for borrowed money or issued in substitution for or exchange of indebtedness for borrowed money, (ii) any indebtedness evidenced by any note, bond, mortgage, debenture or other debt security, (iii) any indebtedness for the deferred purchase price of property or services with respect to which a Person is liable, contingently or otherwise, as obligor or otherwise (other than trade payables and other current liabilities incurred in the Ordinary Course), (iv) any commitment by which a Person assures a creditor against loss (including contingent reimbursement obligations with respect to letters of credit), (v) any indebtedness guaranteed in any manner by a Person

(including guarantees in the form of an agreement to repurchase or reimburse), (vi) any indebtedness secured by a Lien on a Person's assets, (vii) any obligations of a Person under capitalized leases according to GAAP, (viii) any payment to be made pursuant to sale-leaseback transactions, (ix) any payment to be made pursuant to a non-compete payment obligation or change of control payment obligation, (x) net Liabilities associated with reconciled intercompany balances, (xi) Liabilities related to acquisition of or by any Seller and including earn-out or similar contingent purchase amounts, (xii) any unsatisfied obligation for "withdrawal liability" to a "multiemployer plan" as such terms are defined under ERISA and (xiii) any amounts outstanding under any letters of credit, bankers acceptance or similar instrument, in each case, including interest, fees and prepayment premiums or penalties thereon.

"Insider" means any stockholder, partner, member, officer or director (or similar official) of any Seller, any Affiliate or natural or adoptive member of the immediate family of any of the foregoing Persons, or any Person in which any of the foregoing Persons directly or indirectly owns any material beneficial interest. The "immediate family" of any individual means such individual's (and such individual's present or former spouse's) grandparents, parents, spouse, siblings, children and grandchildren.

"Inventory" has the meaning set forth in the definition of **"Purchased Assets"** herein.

"IRS" has the meaning set forth in Section 3.14(c).

"Leased Real Property" has the meaning set forth in Section 3.6(b).

"Legal Requirement" means all federal, state and local laws, statutes, codes, rules, regulations, ordinances, judgments, orders, decrees and the like of any Governmental Entity, including common law.

"Liability" means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

"Licenses" has the meaning set forth in the definition of **"Purchased Assets"** herein.

"Lien" means any mortgage, pledge, hypothecation, lien (statutory or otherwise), preference, priority, charge, adverse claim of ownership or use, restriction on transfer (such as a right of first refusal or similar right), defect of title, security interest, license or other encumbrance of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing and any assignment or deposit arrangement in the nature of a security device).

"Loss" has the meaning set forth in Section 6.2(a).

"Management Agreement" has the meaning set forth in Section 2.4(a)(iii).

"**Mark**" has the meaning set forth in the definition of "**Proprietary Rights**" herein.

"**Material Adverse Effect**" means any of the following: (i) a failure to maintain, for any reason, gross monthly revenues in excess of \$2,000,000 for any consecutive two month period between the date hereof and the Closing Date; (ii) the termination, expiration or failure to renew of any Licenses; (iii) the institution of any proceedings against any Seller stemming from and/or related to accusations of fraud with respect to provision of services or equipment provided by the Business to patients covered by Medicare, Medicaid and TRICARE; or (iv) the failure to assign any of the Assumed Contracts that, in the aggregate, have generated at least \$750,000 of gross revenue for the Sellers and Seller Parent, taken as a whole, during the twelve (12)-month period ending on the date hereof.

"**Non-Assumed Contracts**" means all Contracts of any Seller other than the Assumed Contracts.

"**OIG**" means the Department of Health and Human Services Office of Inspector General.

"**Ordinary Course**" means, with respect to any Person, in the ordinary course of that Person's business consistent with past practice, including as to the quantity, quality and frequency.

"**Parties**" have the meaning set forth in the preamble to this Agreement.

"**Permitted Liens**" means:

(a) Liens on Purchased Assets arising by operation of law and securing the payment of Taxes which are not yet due and payable;

(b) restrictions on transfer imposed under state or federal securities laws;

(c) the lessors' and sublessors' rights under leases of personal property by any Seller as lessee which are part of the Purchased Assets; and

(d) mechanics', carriers', workers', repairers', and similar non-consensual Liens arising by operation of law and relating to obligations which are incurred in the Ordinary Course and which secure only Assumed Liabilities which are not yet due and payable.

"**Person**" means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, any Governmental Entity or any similar entity.

"**Petitions**" has the meaning set forth in the Recitals.

"**Petition Date**" has the meaning set forth in the Recitals.

"**Plan**" and "**Plans**" each have the meaning set forth in Section 3.14(a).

"Previously Disclosed Contracts" has the meaning set forth in Section 3.8.

"Prior Disclosure Letter" means that certain correspondence dated as of January 24, 2011, delivered by Sellers to Buyer.

"Private Programs" has the meaning set forth in Section 3.16(b).

"Promissory Note" means that certain Secured Promissory Note, issued by Sellers in favor of True North Partners, LLC, dated as of the date hereof.

"Property Taxes" shall mean real, personal and intangible property Taxes.

"Proprietary Rights" means all of the following items and all corresponding rights, throughout the world: (i) patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice), all improvements thereto and any reissue, continuation, continuation-in-part, divisional, revision, extension or reexamination of the foregoing; (ii) trademarks, service marks, certification marks, trade dress, logos, trade names, slogans, Internet domain names and corporate names together with all with all translations, adaptations, derivations, and combinations thereof, all registrations, applications and renewals for any of the foregoing, and all goodwill associated with the foregoing (collectively, **"Marks"**); (iii) copyrights and other works of authorship (whether or not copyrightable, including "look and feel"), mask works and moral rights, and all registrations, applications and renewals for any of the foregoing; (iv) trade secrets and other confidential information (including ideas, formulae, compositions, know-how, processes, techniques, methods, research and development information, drawings, specifications, designs, plans, proposals, technical data, financial, business and marketing plans, and customer and supplier lists and related information); (v) computer software and software systems, including source code, object code, data, databases, interfaces, tools and related documentation (collectively, **"Software"**); (vi) rights of publicity and privacy, including the right to use names, likenesses, voices and biographical information of real persons; (vii) other intellectual property and proprietary rights; and (viii) all copies and tangible embodiments of the foregoing (in whatever form or medium).

"Proprietary Rights Assignment" has the meaning set forth in Section 2.1(c).

"Provider Contracts" means those rights and numbers of Sellers specified in the Prior Disclosure Letter permitting Sellers to submit invoices for services rendered and medical equipment provided to the government payors specified in Schedule 3.8(a) and the Previously Disclosed Contracts.

"Purchase Price" means \$1,900,000.

"Purchased Assets" means any Seller's rights, title and interest in, to and under all assets, rights and properties of the Business (whether real, personal or mixed, tangible and intangible, and of every kind, character and description), which are used, or held for use, in the Business (including the Business as a going concern) or otherwise (other than the Excluded Assets), including any Seller's rights in, to and under the following:

(a) Tangible Personal Property. All equipment (including the diagnostic equipment set forth on Schedule 3.18(b)), furniture, fixtures, machines, hardware, peripherals, network devices, software, networks, office materials and supplies, spare parts and other tangible personal property of every kind and description owned, leased or subleased as of the date of this Agreement by any Seller and used, or held for use, in the conduct of the Business at the locations at which the Business is conducted or at suppliers' premises or customers' premises on consignment, and any additions, improvements, replacements, and alterations thereto made on or prior to the Closing Date; including the rights to all property listed on Schedule 1.1(b), but not including the rights to all property listed on Schedule 1.1(c) for which capital lessors have valid security interests (the "**Rejected Capital Assets**") unless and until the rights under the capital lease agreements to which such property is subject are assumed by Buyer pursuant to subclause (c) of this definition of "Purchased Assets";

(b) DME Inventory. All durable medical equipment (including those set forth on Schedule 3.18(c)) held by any Seller for sale or rental (the "**Inventory**");

(c) Contracts. All Assumed Contracts; provided, further, that Buyer may elect assume Seller's rights under the capital lease agreements listed on Schedule 1.1(c) to which the Rejected Capital Assets are subject by providing written notice thereof and an updated Schedule 1.1(a) to Seller Parent no later than three (3) Business Days before the date of the Sale Hearing, and Buyer may elect to assume each Seller's rights to any such capital lease agreement;

(d) Proprietary Rights. All Proprietary Rights and all goodwill associated therewith, owned by any Seller or used, or held for use, in connection with the Business, including the items set forth on Schedule 3.9(a), together with all rights to collect income, royalties, damages, products, proceeds and payments due or payable at the Closing or thereafter with respect to the foregoing and all claims against third parties for past, present or future infringements or misappropriations thereof or other conflicts therewith, and the right to sue and recover for past, present or future infringements or misappropriations of or other conflicts with any of the foregoing, the right to recover damages or lost profits in connection therewith, and all corresponding rights throughout the world (collectively, the "**Business Proprietary Rights**");

(e) Files and Records. All files, data and other records of any Seller which relate to the Business (other than those listed in the Excluded Assets), including all lists and records pertaining to customers, suppliers, distributors, personnel and agents, all related books, records, accounts, canceled checks and payment records, and copies of Tax Returns for the Business and other Tax records relating to the Business (including payroll, unemployment, real estate, and other records relating to Tax, and all other similar books and records of any Seller relating to the Business other than to the extent relating exclusively to any Excluded Asset or Excluded Liability), as may reasonably be requested by Buyer (the "**Transferred Records**");

(f) Licenses. All licenses, registrations, certifications, accreditation, permits, franchises, certificates, and other authorizations issued by any Governmental Entity or accreditation body issued to or held by any Seller with respect to the Business, including all applications therefor and all renewals, extensions, or modifications thereof and additions thereto (collectively, the "**Licenses**");

(g) Security Deposits. All security deposits deposited by or on behalf of any Seller as lessee or sublessee, under any leases or subleases of real or personal property or otherwise relating to the Business or any Purchased Asset, other than with respect to Excluded Assets;

(h) Warranties. All rights of any Seller under or pursuant to all warranties, representations and guarantees made by suppliers, manufacturers and contractors in connection with products sold to or services provided to such Seller for the Business, or affecting the property, machinery or equipment used in the conduct of the Business or any Purchased Asset;

(i) Claims. All claims, deposits, prepayments, warranties, guaranties, refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment of every kind and nature related to, or in connection with, any Purchased Asset;

(j) Certifications. All certifications, ratings, listings and similar rights or benefits obtained from any customer, product certification organization or Governmental Entity related to, or in connection with, the Business or the Purchased Assets (collectively, the "**Certifications**");

(k) Other Assets. All other property owned by any Seller, or as to which such Seller has any right (irrespective of title), in each case, related to the Business, on the Closing Date, other than the Excluded Assets;

(l) Goodwill. All of Sellers' goodwill in, and going concern value of, the Business or otherwise associated with any of the foregoing; and

(m) Avoidance Actions. All Avoidance Actions.

"Rejected Capital Assets" has the meaning set forth in subclause (a) of the definition of "Purchased Assets".

"Relevant Group" means any affiliated, combined, consolidated, unitary or other group for Tax purposes of which any Seller is or was a member.

"Required Consents" has the meaning set forth in Section 2.4(a)(ii).

"Restricted Marks" has the meaning set forth in Section 5.7.

"Sale Hearing" means the hearing conducted by the Bankruptcy Court to approve the transactions contemplated by this Agreement or a competing transaction.

"Sale Motion" means the motion, in form and substance reasonably acceptable to Sellers and Buyer, filed by Sellers pursuant to, inter alia, Sections 363 and 365 of the Bankruptcy Code to request approval of the Bidding Procedures Order and the Sale Order.

"Sale Order" means an Order of the Bankruptcy Court in substantially the form attached hereto as Exhibit C authorizing and approving the sale of the Purchased Assets to Buyer on the terms and conditions set forth herein, provided, that, except as expressly limited herein,

any changes or modifications to Exhibit C that relate to the Purchase Price, the Excluded Assets, the Excluded Liabilities, the Purchased Assets, the Holdback Amount, the Cure Costs, the Break-Up Fee or the Expense Reimbursement and any other provisions of the Sale Order that are related to the material economic terms of this Agreement or the operation of the Business shall be in form and substance acceptable to Buyer in its sole discretion; provided, further, that any changes to Exhibit C that relate to provisions of the Sale Order that are not related to the terms set forth in preceding proviso or the other material economic terms of this Agreement or the operation of the Business shall be in form and substance reasonably acceptable to Buyer.

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Indemnitee" has the meaning set forth in Section 6.2(b).

"Seller Parent" has the meaning set forth in the preamble to this Agreement.

"Software" has the meaning set forth in the definition of "Proprietary Rights" herein.

"Tax" (and, with correlative meaning, "Taxes," "Taxable" and "Taxing") means (i) any federal, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profits, environmental (including under Section 59A of the Code), customs, duty, real property, real property gains, personal property, capital stock, social security, unemployment, disability, payroll, license, employee or other withholding or other tax assessment, fees, levy or other governmental charge of any kind whatever, whether disputed or not, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing; (ii) any liability for or in respect of the payment of any amount of a type described in clause (i) of this definition arising as a result of being or having been a member of any Relevant Group and (iii) any liability for or in respect of the payment of any amount of a type described in clauses (i) or (ii) of this definition as a transferee or successor, by contract or otherwise.

"Tax Return" means any return, declaration, report, claim for refund, information return or other document (including any related or supporting schedules, statements or information) filed or required to be filed in connection with the determination, assessment or collection of Taxes or the administration of any Legal Requirement relating to any Taxes.

"Taxing Authority" means any governmental agency, board, bureau, body, department or authority of any U.S. federal, state, commonwealth or local jurisdiction or any non-U.S. jurisdiction, having or purporting to exercise jurisdiction with respect to any Tax.

"Terminated Contracts" means the Contracts specifically listed on Schedule 3.5 and in the Prior Disclosure Letter.

"Transaction Documents" means this Agreement, the Bill of Sale, the Proprietary Rights Assignment, the Assumption Agreement and the Management Agreement, if applicable.

"Transfer Taxes" means sales, use, transfer, real property transfer, filing, recording, stock transfer, stamp, stamp duty reserve, value added, documentary and other similar Taxes.

"Transferred Records" has the meaning set forth in the definition of **"Purchased Assets"** herein.

"Treasury Regulations" means the regulations promulgated or proposed by the United States Treasury Department under the Code.

Section 1.2 Interpretation. The terms "hereof," "herein" and "hereunder" and terms of similar import will refer to this Agreement as a whole and not to any particular provision of this Agreement. Section, clause, exhibit and schedule references contained in this Agreement are references to Sections, clauses, exhibits and schedules in or attached to this Agreement, unless otherwise specified. Each defined term used in this Agreement has a comparable meaning when used in its plural or singular form. Each gender-specific term used in this Agreement has a comparable meaning whether used in a masculine, feminine or gender-neutral form. As used in this Agreement, the terms "knowledge" or "aware" will include the actual knowledge and awareness of the Person in question, and the knowledge and awareness that such Person would have obtained after exercising reasonable diligence in the performance of such Person's duties in the Ordinary Course. Each reference in this Agreement to any Legal Requirement will be deemed to include such Legal Requirement as it hereafter may be amended, supplemented or modified from time to time and any successor thereto, unless such treatment would be contrary to the express terms of this Agreement. Unless expressly stated otherwise, the word "including" shall mean including without limitation regardless of whether such words are included in some contexts but not others.

Article II

Transfer of Purchased Assets and Assumed Liabilities; Purchase Price; Closing; Closing Transactions; Tax Treatment

Section 2.1 Transfer of Purchased Assets and Assumed Liabilities. Subject to the satisfaction of the conditions herein:

(a) **Transfer of Purchased Assets.** Each Seller agrees to sell or otherwise to convey, assign, transfer, deliver and set over to Buyer, or to its assignee pursuant to Section 9.3 hereof, at the Closing, all of such Seller's rights in, to and under all of the Purchased Assets (including the Business as a going concern), in each case free and clear of any Lien (other than Permitted Liens) or restrictions on transfer.

(b) **Assumption of Assumed Liabilities.** Except as specifically excluded pursuant to the provisions of this Agreement, Buyer, or its assignee pursuant to Section 9.3 hereof, agrees to assume, at the Closing, and thereafter pay, perform or discharge when due or required to be performed, as the case may be, the Assumed Liabilities. Buyer, or its assignee pursuant to Section 9.3 hereof, shall not assume or otherwise be responsible at any time for any Excluded Liability. Each Seller agrees to satisfy and discharge each of the Excluded Liabilities as the

same shall become due. Buyer's (or its assignee's, pursuant to Section 9.3 hereof) assumption of the Assumed Liabilities shall in no way expand the rights or remedies of third parties against Buyer, or its assignee pursuant to Section 9.3 hereof, as compared to the rights and remedies which such parties would have had against any Seller had this Agreement not been consummated.

(c) Method of Conveyance. The transfer and conveyance by each Seller of the Purchased Assets to Buyer or its assignee pursuant to Section 9.3 hereof, in accordance with Section 2.1(a) shall be effected at the Closing by each Seller's execution and delivery to Buyer or its assignee pursuant to Section 9.3 hereof, of instruments of transfer, including: (i) a bill of sale in a form reasonably acceptable to Buyer (the "Bill of Sale"); (ii) one or more assignments of the Proprietary Rights, in a form reasonably acceptable to Buyer (the "Proprietary Rights Assignment"); and (iii) the Required Consents. The assumption by Buyer of the Assumed Liabilities from each Seller in accordance with Section 2.1(b) shall be effected on the Closing Date at the Closing by Buyer's (or its assignee's, pursuant to Section 9.3 hereof) execution and delivery to Sellers of an assumption agreement, in a form reasonably acceptable to Sellers (the "Assumption Agreement").

Section 2.2 Purchase Price. At the Closing, Buyer shall pay Seller Parent, in accordance with the wire instructions received from Seller Parent, the Closing Purchase Price in immediately available funds, and Seller Parent shall hold the Closing Purchase Price for the benefit of itself, the Sellers, their creditors and their estates until directed to distribute those proceeds by order of the Bankruptcy Court; provided that Buyer shall have no further liability pursuant to this Section 2.2 after payment of the Closing Purchase Price.

Section 2.3 Closing; Closing Date. The closing of the transactions contemplated by this Agreement (the "Closing") will occur at the offices of Kirkland & Ellis LLP located at 601 Lexington Avenue, New York, New York at 10:00 a.m. on the date hereof or at such other time and at such place as mutually agreed upon by the Parties. The date upon which the Closing actually occurs is referred to herein as the "Closing Date."

Section 2.4 Closing Transactions. Subject to the terms and conditions set forth herein, the Parties will consummate the following transactions (the "Closing Transactions") at the Closing:

(a) Sellers' Closing Actions and Deliverables. Sellers will have delivered to Buyer all of the following:

(i) Conveyance Documents. The Bill of Sale and the Proprietary Rights Assignment executed by each Seller and such other deeds, bills of sale and other instruments of assignment as Buyer reasonably deems necessary in order to effect the sale of the Purchased Assets;

(ii) Consents. Copies of all Consents set forth on Schedule 2.4 (the "Required Consents");

(iii) Management/Leaseback Agreement. That Management/Leaseback Agreement, duly executed by each Seller, if required under Section 2.6;

(iv) Nonsolicitation Agreement. The execution of a nonsolicitation and confidentiality agreement, by and between Buyer and Anthony Baumann, pursuant to which Anthony Baumann will agree, subject to the terms and conditions therein, to refrain, for a period not to exceed twelve months from the Closing Date, from making any offers of employment to any Business Employee that has been actively employed by Buyer within six months of the date any such offer of employment is made

(v) FIRPTA. An affidavit, sworn under penalties of perjury and dated as of the Closing Date, certifying that each Seller is not a foreign person pursuant to Section 1.445-2(b) of the Treasury Regulations ("**FIRPTA Certificate**");

(vi) UCC-3's; Releases. A copy of fully executed UCC-3 termination statements and other terminations, pay-offs and/or releases (and, as applicable, evidence that each has been duly recorded with the appropriate Governmental Entity), or, at Buyer's option, assignments or other documents necessary to terminate, release or assign, as the case may be, all Liens (other than Permitted Liens) on any Purchased Asset;

(vii) Consent of Members and Board of Directors. Evidence to the effect that all approvals required under each Seller's respective organizational documents and under applicable law (including in the necessary consents from the stockholders and board of directors, as the case may be, from each Seller) to approve this Agreement and the Transaction Documents and the consummation of the transactions contemplated hereby and thereby have been obtained;

(viii) Good Standing Certificate. A certificate, dated not earlier than the tenth (10th) Business Day prior to the Closing Date, of the Secretary of State of the states under the laws of which each Seller is organized or qualified to conduct business stating that such Seller is in good standing; and

(ix) Other Documents. Such other certificates and documents as may be called for under this Agreement or any of the other Transaction Documents, or as Buyer shall reasonably request.

(b) Buyer's Closing Actions and Deliverables. On or prior to the Closing Date, Buyer will have delivered to Sellers all of the following:

(i) Purchase Price. The Closing Purchase Price in immediately available funds;

(ii) Assumption Agreement. The Assumption Agreement, duly executed by Buyer, or its assignee pursuant to Section 9.3 hereof;

(iii) Management Agreement. The Management Agreement, duly executed by Buyer, if required under Section 2.6;

(iv) Consent of Board of Directors. Evidence to the effect that all approvals required under the respective organizational documents and under applicable law from Buyer's Board of Directors to approve this Agreement and the Transaction

Documents and the consummation of the transactions contemplated hereby and thereby have been obtained;

(v) Good Standing Certificate. A certificate, dated not earlier than the tenth (10th) Business Day prior to the Closing Date, of the Secretary of State of the state under the laws of which Buyer is organized stating that Buyer is in good standing; and

(vi) Other Documents. Such other certificates and documents as may be called for under this Agreement or any of the other Transaction Documents, or as any Seller shall reasonably request.

(c) Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated hereby are subject to the satisfaction or waiver (where permissible) of the following conditions:

(i) Closing Deliveries. Sellers shall have delivered the deliveries set forth in Section 2.4(a) hereof.

(ii) Bankruptcy Court Orders. The orders of the Bankruptcy Court as specified in Section 2.5 hereof shall have been approved as set forth therein.

(iii) Compliance with Law. No provisions of any applicable Legal Requirement that restrains, prohibits, makes illegal or enjoins the consummation of the transactions contemplated hereby will be in effect or have been enacted issued or promulgated, subject to Section 2.5(b) hereof.

(iv) Cure Costs. Sellers shall have paid all Cure Costs, as set forth in Section 2.5(f).

(v) Assumption of the Provider Contracts and Management/Leaseback Agreement. At the election of Buyer, either (A) the Parties shall have entered into a Management/Leaseback Agreement in the form and substance acceptable to Buyer or (B) Buyer shall have assumed the Provider Contracts pursuant to Section 2.6(b).

(vi) Submission to OIG. At least five (5) days prior to the Closing, Sellers shall have submitted this Agreement, the Sale Order and the Management/Leaseback Agreement, if applicable, to the OIG (and shall have contacted the OIG telephonically if no response has been received from the OIG three (3) days prior to the Closing), and the OIG shall not have objected to the transactions contemplated hereby.

(vii) OIG Claim Settlement. The 2010 OIG Claim shall have been settled in a manner reasonably satisfactory to the Buyer.

(viii) Software Licenses. Evidence, in a form reasonably satisfactory to Buyer, that Sellers have all necessary licenses (including the numbers set forth therein) for the Software listed on Schedule 3.9(e).

(ix) No Material Adverse Effect. There shall not have occurred any Material Adverse Effect.

(x) Employees. Not fewer than eleven (11) of the fifteen (15) employees denoted on Schedule 2.4(c)(x) shall have become employees of Buyer.

Section 2.5 Method and Manner of Sale; Approvals and Consents; Cooperation; Notification

(a) Required Consents. Sellers will reasonably cooperate with Buyer to secure, before the Closing Date, all Required Consents to the extent such consents are not provided for or satisfied by the Sale Order, provided that neither Sellers nor Buyer shall have any obligation to offer or pay any consideration in order to obtain any such consents, approvals or waivers, except for the Cure Costs.

(b) Efforts to Close. During the period prior to the Closing Date, Sellers and Buyer shall act diligently and reasonably, and shall cooperate with each other, to do or cause to be done, all things necessary, proper or advisable consistent with applicable Legal Requirements to cause the conditions precedent to the Closing to be satisfied and to cause the Closing to occur, including to secure any consents and approvals of any Governmental Entity required to be obtained by them in order to assign or transfer any Assumed Contracts to Buyer, to permit the consummation of the transactions contemplated by this Agreement, or to otherwise satisfy the conditions set forth herein, in each case as necessary to the extent such consents are not provided for or satisfied by the Sale Order.

(c) Cooperation with Governmental Matters. Sellers and Buyer (i) shall promptly inform each other of any communication from any Governmental Entity concerning this Agreement, the transactions contemplated hereby, and any filing, notification or request for approval and (ii) shall permit the other Party to review in advance any proposed written communication or information submitted to any such Governmental Entity in response thereto. In addition, none of the Parties shall agree to participate in any meeting with any Governmental Entity in respect of any filings, investigations or other inquiry with respect to this Agreement or the transactions contemplated hereby, unless such Party consults with the other Parties in advance and, to the extent permitted by any such Governmental Entity, given the other Parties the opportunity to attend and participate thereat, in each case to the maximum extent practicable. Subject to any restrictions under applicable laws, rules or regulations, each Party shall furnish the other with copies of all correspondence, filings and communications (and memoranda setting forth the substance thereof) between it and its Affiliates and their respective representatives, on the one hand, and the Governmental Entity or members of its staff, on the other hand, with respect to this Agreement, the transactions contemplated hereby (excluding documents and communications which are subject to pre-existing confidentiality agreements or to the attorney-client privilege or work product doctrine) or any such filing, notification or request for approval. Each Party shall also furnish the other Parties with such necessary information and assistance as such other Parties and their respective Affiliates may reasonably request in connection with their preparation of necessary filings, registration or submission of information to the Governmental Entity in connection with this Agreement, the transactions contemplated hereby and any such filing, notification or request for approval. Sellers shall prosecute all required requests for

approval with all necessary diligence, and Buyer shall use commercially reasonable efforts to cooperate with such prosecution, and the Parties otherwise use their respective commercially reasonable efforts to obtain the grant thereof by an order as soon as possible.

(d) Notice of Breach. Sellers shall promptly notify Buyer, and Buyer shall promptly notify Sellers, of any event, condition or circumstance of which any Seller or Buyer, as applicable, becomes aware after the date hereof and prior to the Closing Date that would constitute a violation or breach of this Agreement (or a breach of any representation or warranty contained in this Agreement). During the period prior to the Closing Date, Sellers will promptly advise Buyer in writing of any written notice, or to Sellers' knowledge, other communication, from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement.

(e) Further Assurances. In addition to the provisions of this Agreement, from time to time after the Closing Date, Sellers and the Buyer shall use reasonable best efforts to execute and deliver such other instruments of conveyance, transfer or assumption, as the case may be, and take such other action as may be reasonably requested to implement more effectively the conveyance and transfer of the Purchased Assets to the Buyer and the assumption of the Assumed Liabilities by the Buyer; provided that nothing in this Section 2.5(e) shall require any Party or any Affiliate thereof to make any significant expenditure or incur any significant obligation on its own or on behalf of any other Party not otherwise contemplated herein or prohibit any Seller or any Affiliate thereof from ceasing operations or winding up its affairs following the Closing, or filing, confirming and implementing plans of reorganization under the Bankruptcy Code for the purpose of liquidation and distribution, or converting their respective Chapter 11 Cases to cases under Chapter 7 of the Bankruptcy Code after the Closing.

(f) Cure Costs. On or prior to the Closing, Sellers shall pay, pursuant to Section 365 of the Bankruptcy Code and the Sale Order, any and all cure and reinstatement costs or expenses relating to the assignment and assumption of the Assumed Contracts (the "Cure Costs") to which any Seller is a party and which are included in the Purchased Assets.

(g) Bankruptcy Court Approval and Filings.

(i) Sellers and Buyer acknowledge that this Agreement, and the sale of the Purchased Assets, are subject to Bankruptcy Court approval. Sellers and Buyer acknowledge that to obtain such approval, Sellers must demonstrate that they have taken reasonable steps to obtain the highest or otherwise best offer possible for the Purchased Assets, including, but not limited to, giving notice of the transactions contemplated by this Agreement to creditors and certain other interested parties as ordered by the Bankruptcy Court and, if necessary, conducting an auction in respect of the Purchased Assets (the "Auction"). Buyer agrees that it will take such commercially reasonable actions as are reasonably requested by Sellers to assist in obtaining the Sale Order, including furnishing affidavits or other non-confidential documents or information for filing with the Bankruptcy Court to demonstrate adequate assurance of future performance under the Assumed Contracts.

(ii) On the Petition Date, Sellers shall file the Sale Motion with the Bankruptcy Court, together with appropriate supporting papers and notices.

(iii) Sellers shall use reasonable efforts to obtain entry of the Bidding Procedures Order and the Bidding Procedures. Sellers shall file all pleadings with the Bankruptcy Court as are necessary or appropriate to secure entry of the Bidding Procedures Order, the Bidding Procedures and the Sale Order, and shall serve all parties entitled to notice of such pleadings under applicable provision of the Bankruptcy Code and the Bankruptcy Rules. Sellers shall serve the Sale Motion upon (i) the Office of the United States Trustee for the District of Arizona; (ii) the Internal Revenue Service; (iii) the United States Attorney Office for District of Arizona; (iv) counsel to any committee; (v) all entities known to have expressed an interest in a transaction with respect to any of the Purchased Assets during the past year from the Petition Date of the Agreement; (vi) Buyer and counsel to Buyer; (vii) all known creditors; and (viii) those persons filing notices of appearance or requests for notice under Bankruptcy Rule 2002 in the Chapter 11 Cases. After entry of the Bidding Procedures Order by the Bankruptcy Court, Sellers shall serve a notice of the transactions contemplated by this Agreement, along with this Agreement, the Sale Motion, the Sale Order, the Bidding Procedures, and the Bidding Procedures Order upon (i) all of the parties set forth in the preceding sentence, (ii) all parties to the Assumed Contracts, (iii) all parties asserting Liens on any of the Purchased Assets; and (iv) taxing authorities having jurisdiction over Sellers or any of the Purchased Assets. In addition, after entry of the Bidding Procedures Order by the Bankruptcy Court, Sellers shall serve notice of the transaction contemplated by this Agreement upon all parties identified as creditors set forth on Schedules D through H of each of Sellers' Schedules of Statements and Liabilities filed with the Bankruptcy Court.

(iv) In the event an appeal is taken or a stay pending appeal is requested, from the Bidding Procedures Order or the Sale Order, Sellers shall promptly notify Buyer of such appeal or stay request and shall promptly provide to Buyer a copy of the related notice of appeal or order of stay. Sellers shall also provide Buyer with written notice of any motion or application filed in connection with any appeal from either of such orders. If an appeal or a stay pending appeal is taken with respect to the Bidding Procedures Order or the Sale Order, Sellers shall use their best efforts to cause the timely opposing and dismissing of such appeal or stay pending appeal and to cause such order to become final and non-appealable.

(v) From and after the Petition Date, Sellers shall not take any action that is intended to result in, or fail to take any action the intent of which failure to act would result in, the reversal, voiding, modification or staying of the Bidding Procedures Order or the Sale Order. In addition, provided that Buyer is the Successful Bidder at the Auction, following completion of the Auction contemplated hereby, Sellers shall not, and shall cause their respective representatives and affiliates not to, initiate contact with, solicit or encourage submission of any inquiries, proposals or offers by, any Person (other than Buyer and their authorized agents and Representatives) in connection with any sale or other disposition of the Purchased Assets, except as may be approved by the Bankruptcy Court as part of the Bidding Procedures. In addition, Sellers shall not after completion of the Auction contemplated herein respond to any inquiries or offers to

purchase all or any part of the Purchased Assets or perform any other acts related thereto, including supplying information relating to the Business and the assets of Sellers to prospective buyers.

(vi) From and after the date of this Agreement, Sellers shall provide Buyer at least two (2) days in advance of filing with the Bankruptcy Court, a draft of any motions, orders, notices, or other pleadings that Sellers propose to file with the Bankruptcy Court, including the Sale Motion and the exhibits thereto. Sellers shall cooperate with Buyer and consider in good faith the views and any changes or revisions requested by Buyer with respect to all such filings.

(vii) The bidding procedures to be employed with respect to this Agreement shall be those reflected in the Bidding Procedures Order. Buyer agrees and acknowledges that Sellers and their representatives and affiliates are and may continue to solicit higher and better bids than that of Buyer contained in this Agreement for the Purchased Assets.

(viii) In contemplation of Sections 363(m) and (n) of the Bankruptcy Code, Buyer shall not prior to the Closing communicate with any Person regarding any sale or other disposition of any of the Purchased Assets to such Person by Buyer subsequent to the Closing.

Section 2.6 Provider Contracts and Management/Leaseback Agreement

(a) Sellers shall request the Bankruptcy Court authorize, in the Sale Order, the Parties to enter into a Management/Leaseback Agreement pursuant to which Buyer will lease back to Seller certain purchased assets and shall retain management responsibility for key aspects of the Sellers' leaseback operations (the "Management/Leaseback Agreement"). The Buyer's management responsibilities shall include, but not be limited to, billing to third party payors under the Sellers' existing billing and provider numbers, which may not be transferred assets. The Management/Leaseback Agreement shall govern during the period between the Closing Date and the date on which Buyer, in the exercise of reasonable diligence, is able to obtain the necessary Licenses, provider numbers and certifications in order to provide and bill for services in its own name; provided, however, that the term of the Management/Leaseback Agreement shall not extend more than nine (9) months beyond the Closing Date unless the Buyer has not been assigned provider numbers in its name after such nine (9)-month period, in which case Buyer and Sellers shall agree to at most three (3) additional one (1)-month renewal periods of the Management/Leaseback Agreement.

(b) At any time prior to the Closing, Buyer may, at its sole election, and subject to the approval of the Bankruptcy Court: (i) direct Sellers to assume and assign the Provider Contracts to Buyer, (ii) require, to the extent provided in Section 365(f), that government payor counterparties accept such assignment without condition other than Buyer's provision of adequate assurance of future performance and compliance with all terms of such Provider Contracts and regulations promulgated in relation thereto, including the usual and ordinary conditions for submission of invoices, and (iii) terminate and annul any request or claim, including financial and integrity requirements, of the government payor counterparties to assert

any right or claim related to or connected with the 2010 OIG Claim. If Buyer elects to assume the Provider Contracts pursuant to this Section 2.6(b), then neither Sellers nor Buyer shall have any further obligation or rights pursuant to Section 2.6(a).

(c) Prior to the Closing, Sellers will notify the OIG of the transactions contemplated hereby and will submit this Agreement, the Sale Order and the Management/Leaseback Agreement, if applicable, to the OIG. Sellers will make reasonable efforts to confirm that the OIG does not object to the transaction contemplated hereby. In the event that the OIG objects to any aspect of the transaction or its related arrangements, the parties agree to use commercially reasonable efforts to restructure the arrangement as necessary in order to adequately address any such objection.

Section 2.7 Collection of Accounts Receivable

(a) After Closing, Buyer may, at its own expense, collect Accounts Receivable of Sellers and remit net collections to Sellers no less frequently than weekly for a period of nine (9) months after Closing, provided, however, that Buyer is under no obligation to collect any of Sellers' Accounts Receivable, and further provided either Sellers or Buyer may terminate Buyer's ability to collect such Accounts Receivable upon ten (10) days' written notice.

(b) Buyer shall be compensated for collection of Sellers' Accounts Receivable by payment of a fee(s) by Sellers equal to: (i) 5% of the first \$1,450,000 collected within nine (9) months after Closing, (ii) 20% of collections in excess of \$1,450,000 collected within nine (9) months after Closing; and (iii) 100% of collections received more than nine (9) months after Closing.

(c) The application of payments and other aspects of the implementation of this Section 2.7 shall be subject to the following conditions: (i) the Buyer's continuing obligation to maintain comprehensive and accurate business records (in a manner substantially similar to Buyer's own practice) related to the collection of any Accounts Receivable and/or the application of payments to same; (ii) the Sellers' ability to audit such records upon the provision of reasonable notice, and during normal business hours, to the Buyer, but no more than four (4) times per quarter; (iii) the Buyer's agreement to hold all proceeds received from the Sellers' and Seller Parent's Accounts Receivable in a constructive trust for the benefit of Sellers and Seller Parent; and (iv) the understanding that any payment received by Buyer from any Person that remains obligated on any unpaid Accounts Receivable that does not expressly identify the invoice or service to which it relates shall be credited to the oldest open balance due from such Person.

Article III

Representations And Warranties Of Sellers and Seller Parent

As a material inducement to Buyer to enter into this Agreement and to consummate the Closing Transactions contemplated hereby, Seller Parent and each Seller hereby, jointly and severally, make the representations and warranties set forth in this Article III as of the date hereof, or such other date as set forth below.

Section 3.1 Organization and Power. Each Seller is a limited liability company duly formed or organized and validly existing and in good standing under the laws of the State of Delaware and is qualified to do business in every jurisdiction in which the nature of its business or its ownership of property requires it to be qualified. Schedule 3.1 sets forth each jurisdiction in which the nature of the Business or the ownership of the Purchased Assets makes such qualification necessary. Each Seller has the full power necessary to own and operate its properties and carry on the Business as now conducted and as proposed by it to be conducted.

Section 3.2 Authorization of Transactions. Subject to approval of the Bankruptcy Court, each of Sellers and Seller Parent has full power and authority to execute and deliver this Agreement and all other Transaction Documents to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby. Each of Sellers and Seller Parent has duly approved this Agreement and all other Transaction Documents to which it is a party and has duly authorized its execution and delivery of this Agreement and such Transaction Documents and the performance of its obligations hereunder and thereunder.

Section 3.3 Members; Investments. Seller Parent owns all of the membership interests of each Seller. The Purchased Assets do not include any shares of capital stock or any other security, interest or investment in, or loan to (other than extensions of trade credit in the ordinary course of business), any other Person or any right which is exercisable or exchangeable for or convertible into any capital stock or other security, interest or investment in any other Person.

Section 3.4 Absence of Conflicts. Except as set forth on the attached Schedule 3.4, neither the execution, delivery and performance of this Agreement or any other Transaction Document by any Seller or Seller Parent nor the consummation by any Seller or Seller Parent of the transactions contemplated hereby or thereby:

(a) does or will (i) conflict with or result in any breach of any of the provisions of, (ii) constitute a default under, (iii) result in a violation of, (iv) give any third party the right to terminate or to accelerate any obligation under or (v) result in the creation of any Lien upon any Purchased Asset, in each case under the provisions of the articles or certificate of incorporation, bylaws, limited liability company agreement or similar organizational document of any Seller or Seller Parent or any material indenture, mortgage, lease, loan agreement or other agreement, instrument or Contract or any Legal Requirement by which any Seller or Seller Parent or any Purchased Asset is affected, or to which any Seller or Seller Parent or any Purchased Asset is subject; or

(b) without limiting clause (a) above, requires any Consent of any Governmental Entity or any other Person.

Section 3.5 Certain Developments Since September 30, 2010, each Seller has not:

(a) except in the Ordinary Course, and with the exception of obtaining pre-petition and debtor-in-possession financing secured only by accounts receivable, (i) incurred indebtedness for borrowed money in connection with the Business or (ii) assumed, guaranteed,

endorsed or made other accommodations of the obligations of any other Person, any loans or advances to any other Person, or sales to customers on credit in connection with the Business;

(b) suffered any material theft, damage, destruction or casualty loss to any portion of the Purchased Assets;

(c) sold, leased, assigned, licensed, transferred, abandoned or otherwise disposed of any portion of the Purchased Assets (other than, with respect to tangible assets, dispositions in the Ordinary Course for fair consideration, including diagnostic equipment leases with VGM Financial Services and dispositions of Purchased Assets which have been replaced with Purchased Assets of equal or greater value and utility);

(d) except as provided in Schedule 3.5 or as set forth in the Prior Disclosure Letter, accelerated, terminated, modified, or canceled any Contract (or series of related Contracts) involving more than \$50,000 (individually or in the aggregate) to which such Seller is a party or by which such Seller is bound in connection with the Business;

(e) adopted, amended or modified in any material respect or terminated any bonus, profit sharing, incentive, severance, or other plan, contract, or commitment for the benefit of any of its directors, officers, and employees (or taken any such action with respect to any other Benefit Plan);

(f) entered into any other transaction involving the Business in excess of \$50,000 other than in the Ordinary Course, or materially changed any material business practice;

(g) entered into or amended any severance, retention, employment or change of control agreement with any employee of the Business;

(h) made or granted any bonus or any wage, salary or compensation increase in excess of \$5,000 per year other than in the Ordinary Course to any employee or independent contractor of the Business, except pursuant to the express terms of any Contract which is described on the attached Schedule 3.8(a);

(i) taken any action (or failed to take any action) that could reasonably be expected to result in the loss, lapse, abandonment, invalidity or unenforceability of any Business Proprietary Rights; or

(j) agreed or committed to do any of the foregoing.

Notwithstanding anything contained in this Section 3.5 to the contrary, since September 30, 2010, Sellers have taken certain actions outside the Ordinary Course in connection with the filing of the Chapter 11 Cases, including the payment of counsel in connection therewith.

Section 3.6 Real Property.

(a) Owned Real Property. No Seller owns any real property.

(b) Real Property Used in the Business. The property identified on Schedule 3.6(b) (the "**Leased Real Property**") comprises all of the real property used or intended to be used in, or otherwise related to, the Business. Other than the Leased Real Property, no Seller leases or subleases, or otherwise uses or occupies pursuant to any license, concession or other agreement (written or oral), any real property which is used or intended to be used, or otherwise related to, the Business.

Section 3.7 Tax Matters.

(a) Each Seller has filed (or has had filed on its behalf) all Tax Returns that it was required to file under applicable laws and regulations. All such Tax Returns were correct and complete in all respects and were prepared in substantial compliance with all applicable laws and regulations. All Taxes due and owing by (or with respect to the operations of) any Seller (whether or not shown on any Tax Return) have been paid. No Seller is the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by any Taxing Authority in a jurisdiction where any Seller does not file Tax Returns that such Seller is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of any Seller.

(b) Each Seller has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, shareholder or other third party.

(c) No foreign, federal, state, or local Tax audits or administrative or judicial Tax proceedings are pending or being conducted with respect to any Seller. No Seller has received from any foreign, federal, state, or local Taxing Authority (including jurisdictions where such Seller has not filed Tax Returns) any (i) notice indicating an intent to open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any Taxing Authority against such Seller.

(d) No Seller has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(e) No Seller is a party to any agreement, contract, arrangement or plan that has resulted or could result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code §280G (or any corresponding provision of state, local or foreign Tax law). No Seller is a party to or bound by any Tax allocation or sharing agreement.

Section 3.8 Contracts and Commitments.

(a) Generally. Except for (i) those Contracts disclosed to Buyer in the Prior Disclosure Letter (the "**Previously Disclosed Contracts**"), (ii) the Transaction Documents or (iii) the Contracts described on Schedule 3.8(a), no Seller is party to or bound by, and no Seller is, in each case, in connection with the Business, nor is any Purchased Asset subject to any written or oral:

(i) license or other Contract involving Proprietary Rights, other than licenses for commercially available, off-the-shelf software with a replacement cost and/or annual license fee of less than \$10,000;

(ii) agreement or other Contract granting to any Person an option or a first refusal or similar preferential right to purchase or acquire any material asset of the Business;

(iii) agreement concerning non-competition or that otherwise restricts or limits such Seller, or any officer or key employee of such Seller from engaging in any business similar to or related to the Business in any jurisdiction or using any Proprietary Rights (including any agreement with provisions regarding non-solicitation of employees, co-existence agreements, and settlement agreements) or any material agreement concerning confidentiality;

(iv) lease or agreement under which such Seller is lessee of, or holds or operates, any personal property owned by any other party calling for payments in excess of \$10,000 annually or entered into outside of the Ordinary Course, or under which such Seller holds or occupies any real property or interest therein;

(v) Contract under which such Seller is lessor of or permits any third party to hold or operate any Purchased Asset, except Purchased Assets in the possession of patients; inventory equipment on patient, physician, and other premises in the Ordinary Course; and/or tangible assets and the right to operate and access software;

(vi) Contracts or agreements with any insurance payor (whether private or with any Governmental Entity) that governs the payment for and/or reimbursement of any medical or patient claims;

(vii) supplier or vendor agreements;

(viii) any other Contract material to the operation of the Business; or

(ix) any commitment or arrangement to enter into any of the foregoing.

(b) Absence of Breach. Each of the Previously Disclosed Contracts and the items which is described or required to be described on Schedule 3.8(a) is a valid, binding and enforceable obligation of the third parties thereto in accordance with the terms thereof and will be in full force and effect immediately following the Closing Date. Each Seller has performed in all material respects all obligations required to be performed by it in connection with the Previously Disclosed Contracts and the items which are described or required to be described on Schedule 3.8(a) and is not in receipt of any claim of default under any such item; No Seller has waived or assigned any of its material rights under any of the Previously Disclosed Contracts items described or required to be described on Schedule 3.8(a) with respect to any period following the Closing Date.

(c) Copies. Sellers have furnished to Buyer a true and correct copy of the Previously Disclosed Contracts and all written contracts and other items which are described or

required to be described on Schedule 3.8(a), in each case together with all amendments, waivers or other changes thereto. Schedule 3.8(a) contains an accurate and complete description of all material terms of all oral contracts and other oral items which are described or required to be described thereon.

Section 3.9 Proprietary Rights.

(a) Schedule 3.9(a) sets forth a complete and correct list of all of the following included in the Business Proprietary Rights (specifying for each, the owner): (i) all patented and registered Proprietary Rights, including Internet domain names, and all pending patent applications or other applications for registration of Proprietary Rights (specifying for each, the patent, registration and application number, as applicable), (ii) all trade names and material unregistered Marks, and (iii) all Software (other than commercially available, off-the-shelf software with a replacement cost and/or annual license fee of less than \$10,000).

(b) Sellers exclusively own and possess all right, title and interest in and to, or have a valid and enforceable right to use pursuant to an agreement set forth on Schedule 3.8(a) and, as applicable, have the valid number of user licenses for, all Proprietary Rights necessary for, used or held for use in the conduct of the Business, free and clear of all Liens. All of the Business Proprietary Rights are valid, subsisting, and enforceable, no loss or expiration of any Business Proprietary Right (other than patents at the end of their statutory term) is pending, reasonably foreseeable or, to any Seller's knowledge, threatened, and each Seller has taken all reasonable or necessary measures to protect the Business Proprietary Rights, including protecting the secrecy and confidentiality of trade secrets and other confidential information. The Business Proprietary Rights are not subject to any outstanding consent, settlement, decree, order, injunction, judgment or ruling restricting the use thereof. All of the Business Proprietary Rights and Business Systems shall be owned or available for use by Buyer immediately after the Closing Date on terms and conditions identical to those under which any Seller owned or used the Business Proprietary Rights and Business Systems immediately prior to the Closing Date.

(c) Except as set forth on Schedule 3.9(c), (i) no claim by any third party contesting the validity, enforceability, use, ownership or registrability of any of the Business Proprietary Rights has been made, is currently outstanding or, to any Seller's knowledge, is threatened, and, to any Seller's knowledge, there is no reasonable basis for such claim; (ii) no Seller has received any notice of any infringement or misappropriation by, or any other conflict with, any third party with respect to any Proprietary Rights (including any demand or request that such Seller license rights from a third party); (iii) no Seller has infringed, misappropriated or otherwise conflicted with any rights of any Person, and the operation of the Business as currently conducted will not infringe, misappropriate, or otherwise conflict with, and will not result in any infringement or misappropriation of, or other conflict with, any Proprietary Rights of any Person; and (iv) to any Seller's knowledge, no Person has infringed, misappropriated or otherwise conflicted with any Business Proprietary Rights.

(d) All past and present employees and independent contractors of each Seller or Seller Parent have entered into agreements pursuant to which such employee or independent contractor agrees to protect the confidential information of such Seller or Seller Parent, as the case may be, and assign to such Seller or Seller Parent, as the case may be, all Proprietary Rights

developed by such employee or independent contractor in the course of his or her relationship with such Seller or Seller Parent, without further consideration or any restrictions or obligations on the use or ownership of such Proprietary Rights whatsoever.

(e) The Software owned or purported to be owned by Seller that is included in the Business Proprietary Rights (the "**Business Software**") is not subject to any "copyleft" or other obligation or condition (including any obligation or condition under any "open source" license such as the GNU Public License) that could (i) require, or condition the use or distribution of such Software on, the disclosure, licensing or distribution of any source code for any portion of such Software or (ii) otherwise impose any limitation, restriction, or condition on the right or ability of any Seller to use, license or distribute any Business Software.

(f) No source code for any Business Software has been delivered, licensed, or made available to any escrow agent or other Person who is not, as of the date of this Agreement, an employee of any Seller. No Seller has a duty or obligation (whether present, contingent or otherwise) to deliver, license or make available the source code for any such Software to any escrow agent or other Person who is not, as of the date of this Agreement, an employee of any Seller.

(g) Each Seller is, and for the last five (5) years has been, in compliance with any privacy policies or related policies, programs or other notices that concern the Business's collection or use of personal information. In the past five (5) years, there have not been any incidents of data security breaches or complaints, notices to, or audits, proceedings or investigations conducted or claims asserted by any other person (including any Governmental Entity) regarding the collection or use of personal information by any Person in connection with the Business or any violation of applicable law, and, to any Seller's knowledge, there is no reasonable basis for the same and no such claim has been threatened.

Section 3.10 Litigation; Proceedings. Except for the 2010 OIG Claim, there are no, and during the previous one (1) year there have not been any, inquiries, actions, suits, charges, complaints, claims, proceedings, orders, judgments, decrees, audits or investigations pending or, to any Seller's knowledge, threatened, in each case against or affecting any Seller or Seller Parent, the Business or any Purchased Asset at law or in equity, or before or by any Governmental Entity. Neither any Seller nor Seller Parent has received notice of any accident, happening or event which is caused or allegedly caused by or otherwise involving any services performed in connection with or on behalf of any Seller or Seller Parent that is reasonably likely to result in a Loss.

Section 3.11 Brokerage. Except as set forth on the attached Schedule 3.11, no agent, broker, investment banker, finder, financial advisor or other Person is or will be entitled to any brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement and the Transaction Documents based on any arrangement or agreement made by or on behalf of any Seller, Seller Parent or their respective Affiliates or to which any of the foregoing entities is subject.

Section 3.12 Governmental Licenses and Permits. The Prior Disclosure Letter sets forth a complete listing and summary description of all material Licenses and provider numbers

owned or possessed by any Seller or used by any Seller, in each case, in connection with the conduct of the Business. Each Seller owns or possesses all right, title and interest in and to all of the Licenses and provider numbers which are necessary for the lawful conduct of the Business as currently conducted or proposed to be conducted by such Seller. All of such Licenses and provider numbers are valid, in good standing and in full force and effect and the applicable Seller has performed all of its obligations under such Licenses and provider numbers. No loss or expiration of any material License or provider number is pending, reasonably foreseeable or, to any Seller's knowledge, threatened (including as a result of the transactions contemplated by this Agreement and the Transaction Documents) other than by reason of expiration in accordance with the terms thereof or applicable law or regulation.

Section 3.13 Employees. To any Seller's knowledge, no key employee or key group of employees and no independent contractors of the Business (including all Persons who have physician agreements in place with any Seller) have any plans to terminate his, her, its or their employment or relationship as an independent contractor with the Business. Each Seller has complied in all material respects with all applicable Legal Requirements relating to the employment of personnel and labor, including provisions thereof relating to wages, hours, equal opportunity, workplace safety, layoffs, immigration, collective bargaining and the payment of social security and other Taxes. No Seller has experienced any strike, grievance, unfair labor practice claim or other material employee or labor dispute, and no Seller has engaged in any unfair labor practice. To any Seller's knowledge, there is no organizational effort presently being made or threatened by or on behalf of any labor union with respect to employees of any Seller. Each Seller has satisfied any notice or bargaining obligation it may have under any law or collective bargaining agreement to any employee representative. The Prior Disclosure Letter sets forth a true and complete list of and the name, start date, title or position, and the annual or, as the case may be, hourly rate of compensation (including salary, bonuses and commissions), as of the date of this Agreement each individual engaged by any Seller as an employee or independent contractor in connection with the Business whose annual income (of all types) in the 2009 calendar year has exceeded, or in the 2010 calendar year is expected to exceed, \$50,000.

Section 3.14 ERISA.

(a) Schedule 3.14 sets forth an accurate and complete list of each Benefit Plan at any time maintained, sponsored, or contributed or required to be contributed to by any Seller or Seller Parent with respect to the Business or with respect to which any Seller or Seller Parent has any Liability with respect to the Business (each a "**Plan**" and collectively the "**Plans**").

(b) Neither Seller nor any ERISA Affiliates maintains, sponsors, contributes to or has any Liability under (or with respect to) any "defined benefit plan" (as such term is defined in ERISA § 3(35)), or any "multiemployer plan" (as such term is defined in ERISA § 3(37)). No asset of any Seller is subject to any lien under ERISA or the Code. There are no pending or threatened actions, suits, investigations or claims with respect to any Plan (other than routine claims for benefits).

(c) Each Plan that is intended to be qualified under Code § 401(a) has received a determination from the Internal Revenue Service ("**IRS**") that such Plan is so qualified, and nothing has occurred that could adversely affect the qualified status of such Plan.

(d) Each of the Plans and all related trusts, insurance contracts and funds have been maintained, funded and administered in compliance with their terms and in compliance with the applicable provisions of ERISA, the Code, and any other applicable Legal Requirements. With respect to each Plan, all required payments, premiums, contributions, distributions, or reimbursements for all periods ending prior to or as of the Closing Date have been made or properly accrued.

(e) Each Plan which is subject to the health care continuation requirements of Part 6 of Subtitle B of Title I of ERISA or Code § 4980B ("**COBRA**") has been administered in compliance with such requirements. No Plan provides post-employment or post-termination medical or life or other welfare or welfare-type benefits other than as required pursuant to COBRA.

(f) With respect to each Plan, Sellers have provided Buyer with true, complete and correct copies of (to the extent applicable): (i) all documents pursuant to which the Plan is maintained, funded and administered (including the plan and trust documents, any amendments thereto, the summary plan descriptions, and any insurance contracts or service provider agreements); (ii) the most recent annual report (Form 5500 series) filed with the IRS (with applicable attachments); and (iii) the most recent determination letter received from the IRS.

Section 3.15 Affiliate Transactions. Except as otherwise set forth in the Prior Disclosure Letter, no Insider (i) is or was a party to any Contract, commitment or transaction with any Seller or which pertains to the Business (other than in such Insider's capacity as an employee of any Seller, the compensation for which is reflected in the Prior Disclosure Letter), or (ii) has any interest in any Purchased Asset, other than indirectly, as a member of any Seller.

Section 3.16 Compliance with Laws.

(a) Except as set forth in the Prior Disclosure Letter, Seller Parent and each Seller and each of its respective independent contractors, agents and employees has complied with and is in compliance with all applicable Legal Requirements which affect the Business or any Purchased Asset and to which any Seller or any Purchased Asset is subject, and no claim has been filed against, nor any notice (formal or informal) given to, Seller Parent or any Seller alleging a violation of any such Legal Requirement. Except as set forth on Schedule 3.16(a), no Seller is now subject (nor has any Seller been subject in the last year) to any investigation, penalty assessment, or audit by any Governmental Entity or to any other allegation that Seller (including any agent, representative or broker acting on behalf of such Seller) or Seller Parent has violated the regulations of any such Governmental Entity or made a materially false statement or omission to any Governmental Entity. Except as set forth on Schedule 3.16(a), no Seller or Seller Parent has received any written notice from any Governmental Entity alleging any existing non-compliance of the Business with any Legal Requirements. Seller and Seller Parent are not relying on any exemption from or deferral of any Legal Requirement that would not be available to Buyer after the Closing.

(b) Except as set forth in the Prior Disclosure Letter, each Seller (i) is eligible to receive payment without restriction under the Medicare program, each applicable Medicaid program, TRICARE, and any other government programs (the "Government Programs") and is a

"provider" or "supplier" with valid and current provider agreements and with one or more provider numbers with each Government Program, (ii) currently participates in private, non-governmental programs (including any private insurance program) under which such Seller directly or indirectly receive payments (the "Private Programs"), (iii) are in good standing with the Government Programs and Private Programs, and (iv) have no outstanding overpayments or refunds due to Government Programs or Private Programs in excess of \$10,000. Except as set forth in the Prior Disclosure Letter, each Seller is in compliance with the conditions of participation, coverage and payment for the Government Programs and Private Programs and has received all approvals or qualifications necessary for reimbursement. Except as set forth in the Prior Disclosure Letter, there is no pending or, to the knowledge of Sellers, threatened Action under the Government Programs or Private Programs involving any Seller, the Purchased Assets, or the Business. Each Seller has timely filed all claims and reports required to be filed prior to the date hereof with respect to the Governmental Programs and Private Programs, all fiscal agents and government contractors, and other insurance carriers, and all such claims and reports are complete and accurate in all material respects and have been prepared in material compliance with all applicable Legal Requirements and contractual obligations governing reimbursement and payment claims. Each Seller has maintained all records required to be maintained except where the failure to comply would not have a material adverse effect on the Business.

(c) Neither any Seller nor any employee, agent or independent contractor of any Seller has been excluded from participating in Medicare or any other Federal health care program (as that term is defined in 42 U.S.C. § 1320a-7b(f)) or any other Government Program, and none of any Seller's officers, directors, agents or management employees (as that term is defined in 42 U.S.C. § 1320a-5(b)), have been (i) excluded from participating in Medicare or any other Federal health care program (as that term is defined in 42 U.S.C. § 1320a-7b(f)), (ii) subject to sanction pursuant to 42 U.S.C. § 1320a-7a or 1320a-8, (iii) convicted of a criminal offense under the Anti-Kickback Laws, or (iv) convicted of, charged with, or investigated for any violation of any Legal Requirement related to fraud, theft, embezzlement, breach of fiduciary responsibility, financial misconduct, obstruction of an investigation, controlled substances or has committed any other violation of any Legal Requirement that could serve as the basis for exclusion, suspension, debarment or other ineligibility.

Section 3.17 Environmental Matters.

(a) Each Seller has at all times complied, and is in compliance, with all Environmental and Safety Requirements in connection with the Business, which compliance has included obtaining and complying at all times with all permits, licenses and other authorizations required pursuant to Environmental and Safety Requirements for the operation of the Business.

(b) No Seller has received any written or oral notice, report, order, directive or other information regarding any actual or alleged violation of, or any Liability (including any investigative, corrective or remedial obligation) under, Environmental and Safety Requirements relating to the Business.

(c) No Seller has not treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, released, or exposed any Person to, any substance (including any hazardous substance), or owned or operated any property or facility which is or has been

contaminated by any substance, so as to give rise to any current or future Liabilities, including any such Liability for response costs, corrective action costs, personal injury, property damage, natural resources damages, or attorney fees, or any investigative, corrective or remedial obligations, pursuant to CERCLA or any other Environmental and Safety Requirements.

(d) No Seller has, either expressly or by operation of law, assumed, undertaken, or provided an indemnity with respect to any Liability, including any investigative, corrective or remedial obligation, of any other Person relating to Environmental and Safety Requirements.

(e) Sellers have furnished to Buyer true and correct copies of all environmental audits, reports and assessments and all other documents materially bearing on environmental, health or safety Liabilities relating to the past or current operations, properties or facilities of the Business (including the Leased Real Property), in each case which are in its possession or under its reasonable control.

Section 3.18 Assets.

(a) Title. Sellers collectively own, lease or license all of the Purchased Assets and have good and marketable title to, or a valid leasehold or license to, all such Purchased Assets free and clear of any Liens (other than Permitted Liens and security interests arising from capital lease obligations with respect to the Rejected Capital Assets). Upon completion of the Closing Transactions, Buyer will acquire good title to all of the Purchased Assets, free and clear of any Liens (other than Permitted Liens).

(b) Diagnostic Equipment. Schedule 3.18(b) sets forth all of the diagnostic equipment, including identification number, currently on the premises of the Leased Real Property.

(c) Inventory. Schedule 3.18(c) sets forth all durable medical equipment inventory currently held by any Seller for the Business. The Inventory set forth on Schedule 3.18(c) is suitable and in operating condition as of the Closing Date for the purposes for which it is presently used and presently proposed by any Seller to be used. The quantities of each item of Inventory are not excessive or deficient in any material respect, but are reasonable in the present circumstances of Sellers.

(d) Rejected Capital Assets. The amounts owing to the lessors with respect to the Rejected Capital Assets are as set forth on Schedule 1.1(c). The aggregate amount due as of the date hereof with respect to all assets of the Sellers in which a capital lessor has a valid security interest does not exceed \$247,828.35.

(e) Except as otherwise set forth in this Section 3.18, Sellers and Seller Parent make no warranty regarding the Purchased Assets or the Business, and the Purchased Assets and the Business being transferred to the Buyer are conveyed on an "as is, where is" basis as of the Closing, and the Buyer shall rely upon its own examination thereof, except as expressly provided in this Agreement.

Section 3.19 Undisclosed Liabilities. No Seller has Liability related to the Purchased Assets (and to any Seller's knowledge there is no basis for any present or future action, suit,

proceeding, hearing, investigation, charge, complaint, claim or demand against it giving rise to any Liability related to the Purchased Assets), except Liabilities which have arisen in the Ordinary Course (none of which results from, arises out of, relates to, is in the nature of, or was caused by any breach of contract, breach of warranty, tort, environmental matter, infringement, or violation of law).

Section 3.20 Disclosure. No representation or warranty made by any Seller or Seller Parent in this Agreement (including the schedules hereto), contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading.

Article IV

Representations And Warranties Of Buyer

As a material inducement to each Seller and Seller Parent to enter into this Agreement and to consummate the Closing Transactions contemplated hereby, Buyer hereby makes the representations and warranties set forth in this Article IV as of the date hereof, or such other date as set forth below.

Section 4.1 Organization and Power. Buyer is a corporation which is validly existing and in good standing under the laws of the State of Delaware and is qualified to do business in every jurisdiction in which the execution, delivery and performance of its obligations under this Agreement requires it to be so qualified. Buyer has full corporate power and authority to execute, deliver and perform its obligations under this Agreement and the other Transaction Documents to which Buyer is a party.

Section 4.2 Authorization of Transaction. No other proceedings or actions on the part of Buyer are necessary to approve and authorize Buyer's execution and delivery of this Agreement or any other Transaction Documents to which Buyer is a party or the performance of Buyer's obligations hereunder or thereunder. This Agreement constitutes, and each of the other Transaction Documents to which Buyer is a party will when executed constitute, a valid and binding obligation of Buyer, enforceable in accordance with their terms, except as enforceability hereof may be limited by bankruptcy, insolvency or other laws affecting creditor's rights generally and limitations on the availability of equitable remedies.

Section 4.3 Absence of Conflicts. Neither the execution, delivery and performance of this Agreement or any other Transaction Document by Buyer nor the consummation by Buyer of the transactions contemplated hereby or thereby does or will (i) conflict with or result in a breach of any of the provisions of, (ii) constitute a default under, (iii) result in the violation of, (iv) give any third party the right to terminate or to accelerate any obligation under, or (v) require any consent, order, approval, authorization or other action of, or any filing with or notice to, any Governmental Entity or other Person, in each case under the Buyer's certificate of incorporation or bylaws or under the provisions of any indenture, mortgage, lease, loan agreement or other agreement or instrument to which Buyer is bound or by which it or any of its assets are affected, or any Legal Requirement to which Buyer or any of its assets are subject.

Section 4.4 Brokerage. No agent, broker, investment banker, finder, financial advisor or other Person is or will be entitled to any brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement and the Transaction Documents based on any arrangement or agreement made by or on behalf of Buyer or its Affiliates or to which any of the foregoing entities is subject.

Section 4.5 Litigation. With the exception of the 2010 OIG Claim, there are no actions, suits, proceedings, orders or investigations pending or, to Buyer's knowledge, threatened, against or affecting Buyer at law or in equity, or before or by any Governmental Entity, which could reasonably be expected to adversely affect Buyer's performance under this Agreement or the other agreements contemplated hereby to which Buyer is a party or the consummation of the transactions contemplated hereby or thereby.

Article V

Covenants

Section 5.1 Operation and Maintenance of the Business

. From the date of this Agreement through the Closing Date, unless Buyer otherwise consents in writing, no Seller will engage in any practice, take any action, enter into any transaction or conduct its business outside of the Ordinary Course. Without limiting the generality of the foregoing, Sellers shall not engage in any practice, take any action, or enter into any transactions of the sort described in Section 3.5 above and Sellers shall, except as otherwise required pursuant to the Chapter 11 Cases:

(a) not take or fail to take any action which would cause any of the representations set forth in Article III hereof to be untrue;

(b) not cause any Seller's current insurance (or reinsurance) policies to be canceled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies providing coverage equal to or greater than the coverage under the canceled, terminated or lapsed policies are in full force and effect;

(c) use all necessary or commercially reasonable efforts to keep in full force and effect each Seller's existence and all its rights and contractual rights;

(d) not sell, assign, transfer, license or permit the loss, lapse or abandonment of, or fail to maintain, enforce and protect any of the Business Proprietary Rights, except in the Ordinary Course;

(e) not (i) enter into any Contract or arrangement that would need to be disclosed on Schedule 3.8(a) if entered into prior to the date hereof, other than any such Contracts or arrangements entered into in the Ordinary Course, or (ii) materially amend, modify, impair or waive any rights under, or cancel or terminate any Previously Disclosed Contract, any Contract disclosed on Schedule 3.8(a) or any Contract or arrangement described in clause (i);

(f) use reasonable efforts to keep each Seller's present business organization, including the present business operations, physical facilities, working conditions and employees and their present relationships with lessors, licensors, suppliers, customers, independent contractors and others having business relations with it;

(g) maintain each Seller's books, accounts and records in the Ordinary Course; and

(h) comply in all material respects with all applicable Laws and all contractual obligations applicable to any Seller and pay all applicable Taxes which are due and payable prior to the Closing.

Section 5.2 Retention of Retained Records; Continuing Assistance. Subject to their respective obligations under Section 5.3, after the Closing, each Seller and Seller Parent shall provide Buyer and Buyer's counsel, accountants and other representatives, with reasonable access during normal business hours to the books, records, property, personnel, contracts, commitments and documents relating to the Purchased Assets and the Business in their possession pertaining to transactions occurring prior to the Closing Date when requested; provided, that such access does not unreasonably interfere with the Business or the Person providing such access. At the request and expense of Buyer, each Seller and Seller Parent shall deliver copies of any such books and records to Buyer. Without limiting the foregoing, each Seller and Seller Parent will give Buyer and Buyer's counsel, accountants and other representatives such access to such books and records as may reasonably be required in order to permit Buyer to perform any audit or other review which they may deem appropriate in connection with any offering of securities by Buyer or any Affiliate thereof, and, each Seller and Seller Parent (to the extent such consent is necessary) hereby consent to the use of information contained in such books and records for any such purpose.

Section 5.3 Press Releases and Announcements; Confidentiality.

(a) Press Releases and Announcements. Except for any public disclosure which either Party in good faith believes is required by any Legal Requirement (in which case, if practicable, the disclosing Party will give the other Parties an opportunity to review and comment upon such disclosure before it is made) after the Closing, neither any Seller nor Seller Parent will make any press release or other public announcement of or with respect to the Business, this Agreement or any Closing Transaction without Buyer's consent.

(b) Confidentiality. From and after the Closing Date, subject to any disclosures required to be made subject to Section 2.5 hereof, each Seller and Seller Parent shall maintain the confidentiality of, and shall not use for the benefit of themselves or others, any confidential information concerning the Business, the Purchased Assets or the Assumed Liabilities. Each Seller and Seller Parent agree not to divulge, communicate, use to the detriment of Buyer or any of its Affiliates, for such Seller's or Seller Parent's benefit or the benefit of any other person, firm, corporation, association or other entity, or misuse in any way, in whole or in part, any proprietary or confidential information, including trade secrets related to the Business or the Purchased Assets, as they may exist from time to time. Each Seller and Seller Parent acknowledge that the information that relates to the conduct of activities of the Business,

including the trade secrets of the Business, are valuable, special and unique assets of the Business and are confidential information (all of the foregoing, "**Confidential Information**"; provided, however, that Confidential Information shall not include information generally known to the public other than information disclosed in violation of this Section 5.3(b)). In the event that any Seller or Seller Parent is requested or required pursuant to written or oral question or request for information or documents in any legal proceeding, interrogatory, subpoena or similar process to disclose any Confidential Information, such Seller or Seller Parent, as applicable, will notify Buyer promptly of the request or requirement so that Buyer may seek an appropriate protective order or waive compliance with the provisions of this Section 5.3(b). If, in the absence of a protective order or the receipt of a waiver hereunder, such Seller or Seller Parent is, on the advice of counsel, compelled to disclose any Confidential Information to any tribunal or else stand liable for contempt, such Seller or Seller Parent, as applicable, may disclose the Confidential Information to the tribunal; provided, however, that such Seller or Seller Parent, as applicable, shall use it or his best efforts to obtain, at the request of Buyer, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as Buyer shall designate. The foregoing provisions shall not apply to any Confidential Information that is generally available to the public immediately prior to the time of disclosure unless such Confidential Information is so available due to the actions of such Seller or Seller Parent in violation of this Section 5.3(b).

Section 5.4 Further Assurances. Each Party will execute and deliver such further instruments of conveyance and transfer and take such additional actions (including updating title to the Business Proprietary Rights) as any other Party may reasonably request to effect, consummate, confirm or evidence the transfer to Buyer of, or the ownership by Buyer of, the Purchased Assets, the assumption by Buyer of the Assumed Liabilities and the other Closing Transactions contemplated hereby.

Section 5.5 Business Employees.

(a) Effective as of the Closing, Buyer shall offer employment to all of the individuals who are actively employed by any Seller in connection with the Business immediately prior to the Closing and who are listed on a schedule to be provided by Buyer to Sellers at least two (2) Business Days prior to the Closing (the "**Business Employees**"). The Business Employees' employment with any Seller or Seller Parent, as applicable, shall be terminated by Seller effective as of the Closing.

(b) Buyer shall offer employment to the Business Employees on terms and conditions deemed appropriate by Buyer, in its sole discretion. For the avoidance of doubt, nothing herein shall be construed to require Buyer to maintain any particular benefit plan, policy or arrangement for Business Employees after the Closing Date. This Section 5.5 is a covenant among Buyer, Sellers and Seller Parent and shall not, in any manner, create any contractual right of employment for any Business Employee or any other Person.

(c) Without limiting the generality of subclause (a) of the definition of "Excluded Liabilities" in Section 1.1, each of Seller and Seller Parent agrees that it shall be responsible for any and all liabilities and obligations related to, or arising from, any Person's (including all Business Employees') employment by, or termination from employment with, any Seller, Seller

Parent or any of its Affiliates, including claims for severance pay, expense reimbursement and any other benefit provided to any such individual by such Seller, Seller Parent or any of its Affiliates. Each of Sellers and Seller Parent hereby agrees that it shall be responsible for any and all liabilities and obligations related to the pre-Closing period for any bonuses that are earned and payable to any employees of the Business (in a manner consistent with past practices) for the fiscal quarter or the fiscal or calendar year in which Closing occurs or any other applicable period, and each Seller or Seller Parent, as applicable, shall pay any such bonuses to any such employees of the Business. Notwithstanding the foregoing, it is the intention of the parties to adjust and enforce the foregoing provisions by pro-rata at the Closing and future payment of salary and benefits not yet due by Buyer to retained employees of Sellers.

(d) Nothing contained in this Section 5.5 or this Agreement, express or implied: (i) shall be construed to establish, amend, or modify any benefit plan, program, agreement, or arrangement; (ii) is intended to confer upon any current or former employee or any other Person any right to employment or continued employment for any period of time by reason of this Agreement, or any right to a particular term or condition of employment; or (iii) is intended to confer upon any Person (including employees, retirees, or dependents or beneficiaries of employees or retirees) any rights as a third-party beneficiary of this Agreement.

Section 5.6 Consents. Except as provided in the Sale Motion of the Sale Order, nothing in this Agreement shall be construed as an attempt to assign any contract, agreement, permit, license, guaranty, warranty, franchise or claim included in the Purchased Assets which is by its terms or by law nonassignable without the consent of the other party or parties thereto, unless such consent shall have been given, or as to which all the remedies for the enforcement thereof enjoyed by each Seller would, as a matter of law, pass to Buyer as an incident of the assignments provided for by this Agreement. In order, however, to provide Buyer the full realization and value of every Contract, permit, license, guaranty, warranty, franchise and claim of the character described in the immediately preceding sentence, each Seller agrees that after the Closing, it will, at the request and under the direction of Buyer, in the name of such Seller or otherwise as Buyer shall specify, take all actions necessary or proper (a) to assure that the rights of such Seller under such Contracts, permits, licenses, guaranties, warranties, franchises and claims shall be preserved for the benefit of Buyer and (b) to facilitate receipt of the consideration to be received by such Seller in and under every such contract, agreement, permit, license, guaranty, warranty, franchise or claim, which consideration shall be held for the benefit of, and shall be delivered to, Buyer.

Section 5.7 Use of Names. Immediately upon the Closing, Sellers shall discontinue use of the "Areté" Mark and all other Marks included in the Business Proprietary Rights, including any derivations thereof or Marks similar thereto (collectively, the "**Restricted Marks**") and any Marks similar. Within ten (10) days of Closing, Sellers shall take all action necessary or reasonably requested by the Buyer to change the name of Sellers to a name that does not include any Restricted Mark, including by making filings with each applicable Secretary of State and other Governmental Entity and changing the name in the caption of the Chapter 11 Cases.

Section 5.8 Payment of Holdback Amount. Upon the (i) date that is four (4) years from the Closing Date, if the Provider Contracts are assumed by Buyer (whether pursuant to

Section 2.6(b), the Management Agreement or otherwise), or (ii) the later of (x) 120 days from the Closing Date and (y) the date of expiration or termination of the Management Agreement, if the Provider Contracts are not assigned to the Buyer (whether pursuant to Section 2.6(b), the Management Agreement or otherwise) (the "Survival Period"), Buyer shall pay Seller Parent in accordance with the wire instructions received from each Seller, such Seller's pro rata share of the Holdback Amount, less any deductions taken pursuant to Section 6.3(b) in immediately available funds.

Article VI

Survival; Indemnification and Related Matters

Section 6.1 Survival. The representations and warranties of Buyer, each Seller and Seller Parent contained herein shall survive for the Survival Period and shall terminate on such date, provided, that to the extent that any claims for indemnification in respect of a breach of any such representation or warranty is made on or before such date, such representation or warranty shall survive until the resolution of such claim. The covenants and agreements of Buyer, each Seller and Seller Parent contained herein shall survive until fully discharged and performed.

Section 6.2 Indemnification.

(a) By Sellers and Seller Parent. Subject to the limitations set forth in this Section 6.2 and in Section 6.3, after the Closing, each of Sellers and Seller Parent, jointly and severally, shall indemnify Buyer and/or its officers, directors, employees, Affiliates and/or agents (each a "**Buyer Indemnitee**" and, collectively, the "**Buyer Indemnitees**"), and hold each Buyer Indemnitee harmless from and against any loss, Liability, deficiency, diminution in value, damage, Tax or expense (including reasonable legal expenses and costs and any cost or expense arising from or incurred in connection with any action, suit, proceeding, claim or judgment relating to any matter described in this clause, or in enforcing the indemnity provided by this Section 6.2 (any such amount, a "**Loss**")), which such Buyer Indemnitee may suffer, sustain or become subject to, as a result of:

(i) any breach by any Seller or Seller Parent of any representation or warranty set forth in this Agreement or any certificate delivered by any Seller or Seller Parent in connection with the Closing;

(ii) any Liability or obligation of any Seller or Seller Parent or related to the Business (including any Indebtedness) which is not an Assumed Liability, including any Excluded Liability and any Liabilities resulting from the 2010 OIG Claim;

(iii) any failure by any Seller or Seller Parent to perform any covenant or obligation of such Seller or Seller Parent set forth herein or in any certificate, document or instrument prepared by any Seller or Seller Parent and delivered to Buyer hereunder;

(iv) the failure or alleged failure to obtain any Consent;

(v) any Liabilities or costs that arise from activities prior to the Closing with respect to the provider numbers, including Medicare and Medicaid billing and compliance Liabilities and costs; or

(vi) any violation of or liability under any applicable bulk sales law in connection with the transfer of the Purchased Assets.

(b) By Buyer. After the Closing, Buyer will indemnify Sellers and Seller Parent (each a "**Seller Indemnitee**" and collectively, the "**Seller Indemnitees**") and hold the Seller Indemnitees harmless from and against any Loss which the Seller Indemnitee may suffer, sustain or become subject to, as the result of:

(i) any breach by Buyer of any representation, warranty, covenant or agreement of Buyer set forth in this Agreement or any certificate delivered by Buyer in connection with the Closing;

(ii) any Assumed Liability; or

(iii) any failure by Buyer to perform any covenant or obligation of Buyer set forth herein or in any certificate, document or instrument prepared by Buyer and delivered to Sellers or Seller Parent hereunder.

(c) Determination of Loss and Amount. For purposes of determining whether any Loss has occurred, or the amount of any such Loss, the representations, warranties, covenants and agreements of the Parties set forth in this Agreement and the other Transaction Documents will be considered without regard to any materiality qualification set forth therein. None of Sellers nor Seller Parent shall indemnify the Buyer Indemnitees pursuant to Section 6.2(a)(i), and the Buyer Indemnitees shall not be entitled to recover any amount for any Loss pursuant to Section 6.2(a)(i), until and unless (and then only to the extent that) the amount which the Buyer Indemnitees are entitled to recover in respect of such Losses exceeds, in the aggregate, \$10,000.00. The maximum aggregate amount recoverable pursuant to Section 6.2 by the Buyer Indemnitees shall in the aggregate be equal to the Holdback.

Section 6.3 Sole Manner of Payment

(a) Any indemnification payments shall be made together with interest accruing thereon from the date such payment is finally determined to be payable to the date of payment at the Applicable Rate.

(b) Any indemnification owing to Buyer Indemnitees pursuant to this Article VI shall be paid solely by deduction of such amount owing to Buyer Indemnitees from the Holdback Amount and no additional recourse to any Seller, Seller Parent or any shareholder, officer, director, employee, attorney or agent of the foregoing shall be created or exist.

(c) Any indemnification owing to the Seller Indemnitees pursuant to this Article VI shall be effected by wire transfer of immediately available funds from Buyer to an account designated in writing by Seller Indemnitees within fifteen (15) days after the determination thereof.

Section 6.4 Knowledge No Effect. No knowledge of any breach, claim, Liability, or other obligation, whether obtained by notice hereunder or otherwise, will affect any Party's right to indemnification or other remedy provided for in this Agreement in respect of any such matter of which it obtains knowledge or receives such notice unless the relevant Party expressly waives such right or remedy in writing.

Section 6.5 Treatment of Indemnification Payments. Each Party will treat all payments made pursuant to Section 6.2 as adjustments of the Purchase Price for all purposes.

Section 6.6 Application of this Article VI. Any claim for a breach of this Agreement (other than equitable claims and claims of fraud or willful misconduct) shall be governed by the provisions of this Article VI.

Article VII

Termination

Section 7.1 Termination Events. Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated at any time prior to the Closing Date:

(a) by mutual written consent of Sellers and Buyer;

(b) by Buyer if the Bankruptcy Court has not entered the Bidding Procedures Order on or before February 15, 2011; provided, however, that Buyer shall only be permitted to terminate this Agreement pursuant to this Section 7.1(b) if it is not then in material breach of any of their material representations, warranties, covenants or agreements contained herein or in the Bidding Procedures Order;

(c) by Buyer, if the aggregate amount of the Break-Up Fee and the Expense Reimbursement agreed upon pursuant to the Bidding Procedures Order is less than \$100,000;

(d) by Buyer if (i) the Auction has not concluded on or before March 20, 2011; (ii) the Sale Order has not been entered by the Bankruptcy Court by March 31, 2011; or (iii) the Sale Order has not become a Final Order by April 15, 2011, provided, however, that Buyer shall only be permitted to terminate this Agreement pursuant to this Section 7.1(c) if it is not then in material breach of any of their material representations, warranties, covenants or agreements contained herein;

(e) by Buyer or Sellers if the Closing Date has not occurred on or before April 30, 2011; provided, however, that (i) Buyer or Sellers, as applicable, shall only be permitted to terminate this Agreement pursuant to this Section 7.1(e) if Buyer, in the event of a termination by Buyer, or Sellers, in the event of a termination by Sellers, are not then in material breach of any of their respective material representations, warranties, covenants or agreements contained herein; and (ii) Seller shall not be permitted to terminate pursuant to this Section 7.1(e) if the Chapter 11 Cases are ongoing at such time;

(f) by either Party if a Governmental Entity issues a ruling or Order prohibiting the transactions contemplated hereby, which ruling or Order is final and non-appealable;

(g) by Buyer or Sellers if Buyer is not the winning bidder at the Auction;

(h) by Buyer or Sellers at any time after any Seller files a stand-alone Chapter 11 Plan with the Bankruptcy Court or at any time after any Seller files any Chapter 11 Plan that involves approval of a sale of substantially all or a material portion of the Purchased Assets to a party other than the Buyer;

(i) by Buyer if the any of the Chapter 11 Cases is converted to cases under Chapter 7 of the Bankruptcy Code, a trustee or examiner with expanded powers is appointed pursuant to the Bankruptcy Code or the Bankruptcy Court enters an order pursuant to section 362 of the Bankruptcy Code lifting the automatic stay with respect to any portion of the Purchased Assets or which results in the loss of a material benefit reasonably expected to be received by Buyer;

(j) by Buyer if Sellers' exclusive period to file and/or solicit acceptance of a plan of reorganization under section 1121 of the Bankruptcy Code shall have expired or been terminated;

(k) by Buyer if the Payee (as such term is defined in the Promissory Note) terminates disbursements to Sellers to be made in accordance with the terms of the Promissory Note; or

(l) by Buyer if the Sale Order is appealed and the closing of the sale is stayed by the Bankruptcy Court pending appeal.

Section 7.2 Break-Up Fee and Expense Reimbursement.

(a) Sellers shall, within two (2) Business Days after any termination of this Agreement pursuant to Section 7.1(g) reimburse Buyer for all of the out of pocket costs, fees and expenses incurred or to be incurred by Buyer or its Affiliates, including fees, costs and expenses of any professionals (including financial advisors, outside legal counsel, accountants, experts and consultants) retained by Buyer or its Affiliates in connection with or related to the authorization, preparation, investigation, negotiation, execution and performance of this Agreement, the transactions contemplated hereby, including the Chapter 11 Cases and other judicial and regulatory proceedings related to such transactions (such fees, costs and expenses, the "Expense Reimbursement"); provided that in no event shall Seller be required to pay Reimbursable Expenses in an amount greater than \$100,000 in the aggregate.

(b) Sellers shall within two (2) Business Days after any termination of this Agreement pursuant to Section 7.1(g), pay to Buyer the Break-Up Fee.

(c) Each Seller acknowledges and agrees that (i) the payment of the Break-Up Fee and Expense Reimbursement are integral parts of the transactions contemplated by this Agreement, (ii) in the absence of Sellers' obligations to make these payments, Buyer would not have entered into this Agreement, (iii) time is of the essence with respect to the approval of any

payment of the Break-Up Fee and Expense Reimbursement, and (iv) the Break-Up Fee and Expense Reimbursement shall constitute an administrative expense of Sellers' bankruptcy estate senior to all other administrative expense claims under sections 503(b) and 507(a)(2) of the Bankruptcy Code.

Article VIII

Release

Section 8.1 Release of Sellers. Effective as of the Closing, Buyer hereby releases and causes its Affiliates to release each Seller, each Seller's respective Affiliates, and each of their respective officers, directors, managers and employees (in their capacity as such and for services provided to any Seller and their Affiliates), director or indirect equityholders and non-employee agents and representatives (collectively, the "Seller Released Parties") from any and all Liabilities, actions, rights of action, contracts, indebtedness, obligations, claims, causes of actions, suits, damages, demands, costs, expenses and attorneys' fees whatsoever, of every kind and nature, known or unknown, disclosed or undisclosed, accrued or unaccrued, existing at any time, in all circumstances arising prior to the Closing, that Buyer or its Affiliates and all such Persons' respective successors and assigns have or may have against any of the Seller Released Parties; provided, that the foregoing shall not release any rights under this Agreement and other agreements contemplated hereby which expressly survive the Closing. Each Seller Released Party that is not a Party shall be considered a third-party beneficiary of this Agreement with respect to any rights of indemnity or release provided herein.

Section 8.2 Release of Buyer. Effective as of the Closing, Seller hereby releases Buyer and its Affiliates, and each of their respective equityholders, directors, managers, officers, employees, agents and representatives (collectively, the "Buyer Released Parties") from any and all Liabilities, actions, rights of action, contracts, indebtedness, obligations, claims, causes of action, suits, damages, demands, costs, expenses and attorneys' fees whatsoever, of every kind and nature, known or unknown, disclosed or undisclosed, accrued or unaccrued, existing at any time, in all circumstances arising prior to Closing, that any Seller or its respective Affiliates and all such Persons' respective successors and assigns, have or may have against any of the Buyer Released Parties; provided, that the foregoing shall not release any rights under this Agreement and other agreements contemplated hereby which expressly survive the Closing. Each Buyer Released Party that is not a Party shall be considered a third-party beneficiary of this Agreement with respect to any rights of indemnity or release provided herein.

Article IX

Miscellaneous

Section 9.1 Amendment and Waiver. This Agreement may be amended and any provision of this Agreement may be waived; provided, that any such amendment or waiver (a) will be binding upon Sellers or Seller Parent only if such amendment or waiver is set forth in a writing executed by such Seller or Seller Parent and (b) will be binding upon Buyer only if such amendment or waiver is set forth in a writing executed by Buyer. No course of dealing between or among any Persons having any interest in this Agreement will be deemed effective to

modify, amend or discharge any part of this Agreement or any rights or obligations of any Party under or by reason of this Agreement. No failure by any Party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof will constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

Section 9.2 Notices. All notices, demands and other communications given or delivered under this Agreement will be in writing and will be deemed to have been given when personally delivered or delivered by express courier service. Notices, demands and communications to the Parties will, unless another address is specified in writing, be sent to the address indicated below:

To Sellers or Seller Parent:

Areté Holdings, LLC
6263 North Scottsdale Road
Suite 395
Scottsdale, Arizona 85250
Attn: Daniel Dempsey, CRO
Facsimile No.: 772.778.2150
Email: dempsey_daniel@att.net

with a copy to (which shall not constitute notice to Sellers or Seller Parent):

Alexander Terras
Reed Smith LLP
10 S. Wacker Drive, Suite 4000
Chicago, Illinois 60606
Attn: Alexander Terras
Facsimile: 312.207.6400

To Buyer:

Sleep Science, Inc.
c/o Clinical Research Advantage Holdings, LLC
2141 East Broadway Road
Tempe, Arizona 85282
Attn: Mark Hanley
Facsimile No.: 480.820.5521
Email: hanley@crastudies.com

with a copy to (which shall not constitute notice to Buyer):

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attn: Elazar Guttman
Facsimile No.: 212.446.6460
Email: elazar.guttman@kirkland.com

Section 9.3 Binding Agreement; Assignment. This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the Parties and their respective successors and assigns; provided, that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of Sellers or Seller Parent without the prior written consent of Buyer. Any such assignment made by any of Sellers or Seller Parent without Buyer's prior written consent shall be null and void. Without limiting but subject to the foregoing, at or prior to the Closing, Buyer may assign all or some of its rights under this Agreement, in whole or in part, (a) to or for the benefit of any lender as collateral, which lender shall be permitted to exercise any or all of such rights and transfer and assign all such rights to any purchaser, upon foreclosure or other exercise of remedies as to such collateral and (b) to one or more Affiliates of Buyer, including by designating such Affiliate to take all title and right to any of the Purchased Assets and/or any Assumed Liability.

Section 9.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

Section 9.5 No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the Parties to express their mutual intent. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any Person by virtue of the authorship of any of the provisions of this Agreement.

Section 9.6 Captions. The captions used in this Agreement are for convenience of reference only and do not constitute a part of this Agreement and will not be deemed to limit, characterize or in any way affect any provision of this Agreement, and all provisions of this Agreement will be enforced and construed as if no caption had been used in this Agreement.

Section 9.7 Entire Agreement. This Agreement and the Schedules attached hereto and the documents referred to herein contain the entire agreement between the Parties and supersede any prior understandings, agreements or representations by or between the Parties, written or oral, which may have related to the subject matter hereof in any way.

Section 9.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

Section 9.9 Governing Law. All questions concerning the construction, validity and interpretation of this Agreement (and all schedules and exhibits hereto) will be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision that would cause the application of the laws of any jurisdiction other than the State of Delaware.

Section 9.10 Specific Performance. Each of Sellers and Seller Parent acknowledge that the Business and operations of each Seller is unique, and recognizes and affirms that in the event of a breach of this Agreement by any Seller or Seller Parent, monetary damages may be inadequate and Buyer may have no adequate remedy at law. Accordingly, in the event of any such breach, Buyer and/or its successors or assigns may, in addition to any other rights and remedies existing in their favor, enforce their rights and any Seller's or Seller Parent's obligations hereunder by an action or actions for specific performance, injunctive and/or other relief, without any requirement of proving actual damages or posting any bond or other security.

Section 9.11 Expenses. Each of Sellers, Seller Parent and Buyer each will pay all of their own fees, costs and expenses (including fees, costs and expenses of legal counsel, investment bankers, accountants, brokers or other representatives and consultants and appraisal fees, costs and expenses) in connection with the preparation and negotiation of this Agreement and the transactions contemplated hereby. Sellers will prepare and file, on or before the due dates thereof, any required Tax Returns or Tax forms with respect to any Transfer Taxes imposed by any Taxing jurisdiction by reason of the transactions contemplated by this Agreement. Buyer agrees to cooperate with each Seller in connection with the preparation and filing thereof. Each Seller will be solely responsible for all Transfer Taxes imposed by reason of any transaction contemplated by this Agreement.


Section 9.12 Parties in Interest. Nothing in this Agreement, express or implied, is intended to confer on any Person other than the Parties and their respective successors and permitted assigns any rights or remedies under or by virtue of this Agreement.

Section 9.13 Waiver of Jury Trial. AS A SPECIFICALLY BARGAINED INDUCEMENT FOR EACH OF THE PARTIES TO ENTER INTO THIS AGREEMENT (EACH PARTY HAVING HAD OPPORTUNITY TO CONSULT COUNSEL), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN.


* * * * *

IN WITNESS WHEREOF, the Parties have executed this Asset Purchase Agreement as of the date first written above.

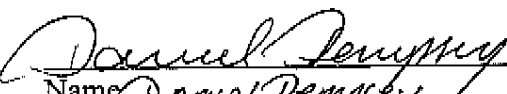
ARETÉ SLEEP, LLC

By: 
Name: Daniel Dempsey
Title: Chief Restructuring Officer


ARETÉ SLEEP THERAPY, LLC

By: 
Name: Daniel Dempsey
Title: Chief Restructuring Officer

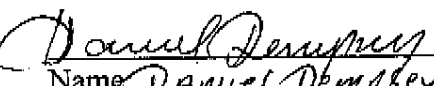
ARETÉ HOLDINGS, LLC

By: 
Name: Daniel Dempsey
Title: Chief Restructuring Officer

ARETÉ NW, LLC

By: 
Name: Daniel Dempsey
Title: Chief Restructuring Officer

ARETÉ SLEEP THERAPY NW, LLC

By: 
Name: Daniel Dempsey
Title: Chief Restructuring Officer

SLEEP SCIENCE, INC.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the Parties have executed this Asset Purchase Agreement as of the date first written above.

ARETÉ SLEEP, LLC

By: _____
Name: _____
Title: _____

ARETÉ SLEEP THERAPY, LLC

By: _____
Name: _____
Title: _____

ARETÉ HOLDINGS, LLC

By: _____
Name: _____
Title: _____

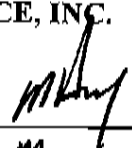
ARETÉ NW, LLC

By: _____
Name: _____
Title: _____

ARETÉ SLEEP THERAPY NW, LLC

By: _____
Name: _____
Title: _____

SLEEP SCIENCE, INC.

By:  _____
Name: **MARK S HANLEY**
Title: **CEO**

Schedule 1.1(a) - Assumed Contracts

All agreements listed below and any schedules, exhibits, annexes and amendments thereto:
Ancillary Provider Agreement for Traditional Indemnity Business, by and between Blue Cross and Blue Shield of Texas and Arete Sleep, LLC, effective September 1, 2009
Ancillary Provider Agreement for HMO Network Participation, by and between Blue Cross and Blue Shield of Texas and Arete Sleep, LLC, effective September 1, 2009
Ancillary Provider Agreement for PPO/POS Network Participation, by and between Blue Cross and Blue Shield of Texas and Arete Sleep, LLC, effective September 1, 2009
Participating Ancillary Provider Agreement Oregon Health Plan (OHP), by and between ODS Community Health, Inc. and Arete NW LLC dba Arete Sleep Health, dated March 15, 2010
Medicare Advantage Plan Participating System Agreement, by and between Sterling Life Insurance Company and Arete NW, LLC dba Arete Sleep Health, dated July 8, 2009
Medicare Advantage Plan Participating System Agreement, by and between Sterling Life Insurance Company and Arete Sleep Therapy NW, LLC dba Arete Sleep Health, dated July 8, 2009
Letter Agreement, dated August 17, 2009, from Washington State Department of Social & Health Services to Arete Sleep Therapy NW LLC rendering Provider Number 1568591618
Specialty Care Provider Agreement, by and between Community Health Network of Washington and Arete Sleep Health, dated April 1, 2008
Texas Participating Ancillary Provider Agreement, by and between Bravo Health Texas, Inc., Bravo Health Insurance Company and Arete Sleep, LLC, dated March 16, 2010
Professional Services Agreement, by and between CareOregon, Inc. and Sleep Health & Wellness NW - Astoria, effective October 18, 2005
Provider Agreement, by and between Arete Sleep Therapy LLC and CareCentrix, Inc., dated May 21, 2010
Provider Application Approval, dated May 25, 2007, from Oregon Department of Human Services, Division of Medical Assistance Programs, Office of Medical Assistance Programs, issued to Arete NW LLC, Roseburg
Provider Application Approval, dated May 25, 2007, from Oregon Department of Human Services, Division of Medical Assistance Programs, Office of Medical Assistance Programs, issued to Arete NW LLC, Astoria
Provider Application Approval, dated May 25, 2007, from Oregon Department of Human Services, Division of Medical Assistance Programs, Office of Medical Assistance Programs, issued to Arete NW LLC, Gresham
Provider Application Approval, dated May 25, 2007, from Oregon Department of Human Services, Division of Medical Assistance Programs, Office of Medical Assistance Programs, issued to Arete NW LLC, Hillsboro
Provider Agreement, by and between HealthEZ, Inc. and Arete NW, LLC dba Arete Sleep Health, dated November 1, 2009
Letter Agreement, dated January 25, 2010, from Oregon Department of Human Services to Arete Sleep Therapy NW LLC
Ancillary Provider Participation Agreement, by and between Health Value Management, Inc. d/b/a ChoiceCare Network and Arete Sleep Health, dated June 19, 2009
Letter Agreement, dated April 10, 2009, from Texas Medicaid & Healthcare Partnership to Arete Sleep LLC
Medical Group Participation Agreement, by and between United HealthCare Insurance Company and Arete Sleep, LLC, effective as of March 1, 2008
Facility Participation Agreement, by and between United HealthCare Insurance Company and Advanced Respiratory Therapy, LLC, effective as of March 1, 2008

Schedule 1.1(a) - Assumed Contracts

Letter Agreement, dated April 16, 2009, from Oregon Department of Human Services to Arete Sleep Therapy NW LLC
Letter Agreement, dated August 17, 2009, from Washington State Department of Social & Health Services to Arete Sleep Therapy NW LLC rendering Provider Number 1407985559
Letter Agreement, dated April 16, 2009, from Oregon Department of Human Services to Arete Sleep Therapy NW LLC
Core Provider Agreement, by and between Department of Social and Health Services and Arete NW LLC, dated March 3, 2009
Letter Agreement, dated August 17, 2009, from Washington State Department of Social & Health Services to Arete Sleep Health re Billing Provider Number 1528193042
Letter Agreement, dated August 17, 2009, from Washington State Department of Social & Health Services to Arete Sleep Health re Billing Provider Number 1316072838
Provider Agreement, by and between DCIPA, LLC and Arete Sleep NW, LLC, effective as of January 1, 2010
Participating Ancillary Provider Agreement Oregon Health Plan (OHP), by and between ODS Community Health, Inc. and Arete Sleep Therapy NW LLC, dated March 15, 2010
Oregon Participating Ancillary Provider Agreement (PPO and Point-of-Service Benefit Plans), by and between ODS Health Plan, Inc. and Arete Sleep Therapy NW, LLC, dated December 12, 2009
Oregon Participating Ancillary Provider Agreement Medicare Advantage (Medicare Advantage & Medicare Advantage PPO Benefit Plans), by and between ODS Health Plan, Inc. and Arete NW, LLC dba Arete Sleep Health, no date provided
Oregon Participating Ancillary Provider Agreement Medicare Advantage (Medicare Advantage & Medicare Advantage PPO Benefit Plans), by and between ODS Health Plan, Inc. and Arete Sleep Therapy NW, LLC, no date provided
Oregon Participating Ancillary Provider Agreement (PPO and Point-of-Service Benefit Plans), by and between ODS Health Plan, Inc. and Arete NW, LLC dba Arete Sleep Health, dated December 12, 2009
Participating Ancillary Provider Agreement Oregon Health Plan (OHP), by and between ODS Community Health, Inc. and Arete NW LLC dba Arete Sleep Health, dated March 15, 2010
Participating Practitioner Agreement Interhospital Physicians Association, by and between Interhospital Physicians Association, Inc. and the other party thereto, dated January 1, 2004.
Payor Group Discount Pricing Agreement, by and between Southwest Sleep Labs, LLC d.b.a. American Sleep Diagnostic and Action Healthcare Management, dated December 27, 1998
Managed Care Program(s) Ancillary Provider Participation Agreement, by and between Admar Corporation and American Sleep Diagnostics, LLC, effective August 1, 2000
Facility Agreement, by and between Aetna U.S. Healthcare Inc. and American Sleep Diagnostics, LLC., effective as of April 1, 2001, as subsequently amended.
Facility Agreement, by and between Aetna U.S. Healthcare Inc. and Southwest Sleep Labs, LLC d/b/a Southwest Sleep Diagnostics, effective as of February 15, 2000, as subsequently amended.
Participating Provider Agreement, by and between Arizona Foundation for Medical Care and PhoenixSleep, d.b.a. American Sleep Diagnostics, Inc., dated March 30, 2004, as amended on April 1, 2004.
Participating Provider Agreement, by and between Arizona Foundation for Medical Care and Arizona Sleep Examiners, dated September 25, 2001.
Amendment and Restatement of the standard American CareSource Provider Agreement, by and between American CareSource and American Sleep Diagnostics, dated January 24, 2003
Ancillary Health Care Provider Agreement, by and between ASPA and Southwest Sleep Diagnostics, dated October 1, 1998

Schedule 1.1(a) - Assumed Contracts

Facility Service Agreement, by and between Beech Street Corporation and Southwest Sleep Labs, LLC, dated December 20, 1999, as amended on November 10, 2006
Standard Provider Participation Agreement, by and between Blue Cross and Blue Shield of Arizona, Inc. and American Sleep Diagnostics, LLC, dated October 1, 2001
Ancillary Services Agreement between Care 1st Health Plan of Arizona and American Sleep Diagnostics, dated March 1, 2004
Ancillary Services Agreement between Care 1st Health Plan of Arizona and American Health Services, dated February 12, 2004
Ancillary Provider Agreement, by and between CCN Managed Care, Inc. d/b/a CCN and Southwest Sleep Lab, LLC dba Southwest Sleep Diagnostics, dated February 1, 2000, as amended on May 1, 2005.
Ancillary Services Agreement, between CIGNA Healthcare of Arizona, Inc. and Phoenix Sleep, LLC dba American Sleep Diagnostics, effective January 1, 2006
Ancillary Provider Managed Care Agreement, by and between CIGNA HealthCare of Arizona, Inc. and American Sleep Diagnostics, dated November 1, 2003
Ancillary Provider Managed Care Agreement, by and between CIGNA HealthCare of Arizona, Inc. and Arizona Sleep Examiners, LLC, dated September 1, 2002
Ancillary Provider Managed Care Agreement, by and between CIGNA Private Practice Plan of Arizona and Southwest Sleep Diagnostics, dated August 1, 1998, as amended on January 1, 1999
Ancillary Provider Managed Care Agreement, by and between CIGNA Community Choice and Arizona Sleep Examiners, LLC, dated as of September 1, 2002
HCP Agreement, by and between Cofinity, Inc. and Arete Sleep, LLC, dated January 1, 2009
Facility Agreement, by and between Galaxy Health Network and American Sleep Diagnostics, dated April 4, 2003
Preferred Provider Services Agreement, by and between Gila River Health Care and Arete Sleep, LLC, dated October 1, 2008
Provider Services Agreement, by and between Gila River Health Care Corporation and Phoenix Sleep dba American Sleep Diagnostics, dated September 1, 2005
PPO/POS Ancillary Services Agreement, by and between American Sleep Diagnostics and One of Arizona, Inc., dated June 1, 2000, as amended on April 1, 2001
Ancillary Services Agreement, by and between American Sleep Diagnostics and One of Arizona, Inc., dated June 1, 2000, as amended on April 1, 2001
Fee-for-Service Ancillary Subcontractor Agreement, by and between Health Choice Arizona, Inc. and Arete Sleep, L.L.C., effective as of April 1, 2009
Fee-for-Service Specialist Subcontractor Agreement, by and between Health Choice Arizona, Inc. and Arete Sleep, L.L.C., effective as of April 9, 2004, as amended on November 1, 2006
Ancillary Provider Service Agreement, by and between Health Management Network, Inc. and American Sleep Diagnostics, dated March 14, 2000
Agreement by and between Mercy Care Plan and Arete Sleep LLC, dated December 1, 2006, as amended December 3, 2008
Agreement by and between Mercy Care Plan and Phoenix Sleep LLC dba American Sleep Diagnostics, dated September 27, 2004
Preferred Provider Organization (PPO) Provider Agreement, by and between PacifiCare Health Plan Administrators, Inc. and American Sleep Diagnostics, LLC
Participating Hospital Agreement, by and between Three Rivers Provider Network, Incorporated and American Sleep Diagnostics, dated May 3, 2001

Schedule 1.1(a) - Assumed Contracts

Tricare Ancillary Provider Contract, by and between Blue Cross and Blue Shield of Arizona, Inc. and American Sleep Diagnostics, LLC, effective as of January 1, 2005
Provider Agreement, by and between HealthEZ, Inc. and Arete Sleep Therapy, LLC, dated November 1, 2009
Ancillary Provider Participation Agreement, by and between Health Value Management, Inc. d/b/a ChoiceCare Network and the provider party thereto, dated December 22, 2005
Ancillary Provider Participation Agreement, by and between Humana Insurance Company and the provider party thereto, effective February 1, 2006
Rate Quotation for Professional Health Care Services, by and between Phoenix Sleep, LLC dba American Sleep Diagnostics and Indian Health Service, dated September 6, 2005
Facility Agreement, by and between LifeWise Health Plan of Arizona and American Sleep Diagnostics, L.L.C., effective January 1, 2004
Ancillary Provider Contract, between Lutheran Physicians IPA, Inc. and Southwest Sleep Diagnostics, dated May 1, 1999, as amended effective January 1, 2010
Ancillary Services Agreement, by and between Maricopa Integrated Health Systems dba Maricopa Health Plan (MHP) and Phoenix Sleep, LLC dba American Sleep Diagnostics, effective April 1, 2006, as amended effective October 1, 2006 and January 1, 2008
Ancillary Provider Agreement, by and between MMSI, Inc. d/b/a Mayo Management Services, Inc. and PhoenixSleep dba American Sleep Diagnostics, effective September 1, 2004
Participating Provider Agreement, by and between MultiPlan, Inc. and American Sleep Diagnostic, effective as of February 15, 2000
Ancillary Services Agreement, by and between Pacificare of Arizona, Inc. and American Sleep Diagnostics, dated May 15, 2003
Agreement by and between Pima County and Arete Sleep, L.L.C., dated February 19, 2009, as amended effective January 1, 2010
Participating Ancillary Provider Agreement, by and between ppoNext, Inc. and Phoenix Sleep LLC dba American Sleep Diagnostics, dated June 24, 2004
Provider Network Agreement, by and between Schaller Anderson Healthcare, L.L.C. and Phoenix Sleep LLC dba American Sleep Diagnostics, dated August 30, 2004
Medicare Advantage Plan Participating System Agreement, by and between Sterling Life Insurance Company and Arete Sleep, LLC, dated July 8, 2009
Agreement, by and between Three Rivers Provider Network, Inc. and Phoenix Sleep dba American Sleep Diagnostics L.L.C., dated April 16, 2004
Tricare Corporate Services Provider Contract, by and between Blue Cross Blue Shield of Arizona, Inc. and Arete Sleep LLC, dated January 20, 2006
Ancillary Group Participation Agreement, by and between United HealthCare of Arizona, Inc. and Southwest Sleep Diagnostics, dated May 1, 1999
Ancillary Services Agreement, by and between University Physicians, Inc. dba University Physicians Health Plans and Phoenix Sleep Centers, effective January 1, 2006, and as amended effective January 1, 2008, October 1, 2008 and August 1, 2009
Health Care Service Ancillary Agreement, by and between Phoenix Sleep LLC, dba American Sleep Diagnostics and USA Managed Care Organization, Inc., dated August 22, 2005
Standard Participation Agreement, by and between Blue Cross and Blue Shield of Arizona, Inc. and Arete Sleep Therapy, LLC, effective as of July 1, 2009
Facility Service Agreement, by and between Beech Street Corporation and ASD Acquisition, LLC, dated 2003
Ancillary Provider Agreement, by and between CCN Managed Care, Inc. d/b/a CCN and Southwest Sleep Lab, LLC dba Southwest Sleep Diagnostics, dated February 1, 2000, as amended on May 1, 2005.

Schedule 1.1(a) - Assumed Contracts

Provider Agreement, by and between HealthEZ, Inc. and Arete Sleep, LLC, dated November 1, 2009
Outpatient Diagnostic Center Participation Agreement, by and between Humana Insurance Company and Southwest Sleep Diagnostics, dated June 9, 1998, as amended January 12, 2001 and October 18, 2004
Tricare Corporate Services Provider Contract, by and between Blue Cross Blue Shield of Arizona, Inc. and Arete Sleep Therapy LLC, as amended effective on February 1, 2010
Medical Group Participation Agreement, by and between United HealthCare Insurance Company and Advanced Respiratory Therapy, dated September 22, 2006
Medicare Advantage Plan Participating System Agreement, by and between Arete Sleep Therapy, LLC and Sterling Life Insurance Company, dated July 8, 2009
Facility Services Agreement, by and between Arete Sleep, LLC and Aetna Health Inc., dated September 1, 2007
Provider Agreement, by and between Arete Sleep Therapy NW LLC and CareCentrix, Inc., dated November 13, 2009
All agreements by and between any Seller and Molina Healthcare of Texas
All agreements by and between any Seller and Secure Horizons
All agreements by and between any Seller and Pyramid Todays Option
Any contract identified in that certain correspondence dated as of January 27, 2011, to be delivered by Buyer to Sellers.

Schedule 1.1(b) - Paid-Off Capital Assets

Outstanding Capital Leases per UCC					
#		Lessee name	Description	Balance	Maturity Date
1	ASL	Direct Capital Corporation	Sandman Med. Equipment	\$0	10/30/2009
2		CIT Technologies Corp.	Resmed Equipment	\$0	
3	ASL	Direct Capital Corporation	Sandman Med. Equipment	\$0	01/31/2010
4	AHL	Dell Financial Services	IT- Computer Hardware	\$0	06/03/2010
5		CIT Technologies Corp.	IT- Computer Hardware	\$0	
6	AHL	Dell Financial Services	IT- Computer Hardware	\$0	10/10/2010

Schedule 1.1(c) - Rejected Capital Assets

Outstanding Capital Leases per UCC					
#	Lessee name	Description	Balance	Maturity Date	
7	AHL	Dell Financial Services	IT- Dragon Pilot System	\$1,322.99	10/01/2011
8	AHL	Dell Financial Services	IT- System Virtualization	\$35,879.67	09/30/2012
9	ASL	LCA Bank Corporation	Sandman Med. Equipment	\$26,273.50	02/03/2013
10	AHL	Dell Financial Services	IT- Server, Software	\$16,129.23	08/30/2012
11	ASL	US BanCorp	Sandman Med. Equipment	\$33,417.76	04/24/2015
12	ASL	General Electric Capital Corp.	Sandman Med. Equipment	\$66,079.31	06/01/2015
13	AHL	Dell Financial Services	IT- Server	\$5,857.53	11/01/2012
Other Capital leases not under UCC					
1	AHL	Insight Global	IT- MetaFrame Server	\$3,343.83	03/17/2011
2	AHL	Insight Global	IT-Baracuda	\$1,248.88	01/28/2011
3	AHL	Insight Global	IT-Microsoft Server	\$8,450.17	09/30/2012
4	AHL	Insight Global	IT-1 year Cisco Warranty	\$17,309.29	09/30/2012
5	ANW	Marlin leasing	Sandman Med. Equipment	\$32,516.19	09/30/2012

Schedule 2.4(c)(x)

Employee Closing Condition

Nicholas Pierce
Kari Boesen
Shelly Long
Rusty Fife
Joe Seeler
Christian Landy
Chad Hoskins
Matt Minton
Kim Krepp
Jamie Curry
Rick Gamble
Jennifer Pate
Abbey Speight
Kim Sylvester
Jennifer Burris

Schedule 3.1 - Organization and Power

Entity	Jurisdictions
Arete Sleep, LLC	- Arizona - Texas
Arete Holdings, LLC	- Arizona - Texas - California - Oregon - WA
Arete Sleep Therapy, LLC	- Arizona - Texas
Arete Sleep Therapy NW, LLC	- WA - OR
Arete NW, LLC	- WA - OR

Schedule 3.4 - Required Consents; Conflicts

Contract Type	Contract	Entity
Government Managed Care Contract	Care Oregon	Arete NW LLC
Government Managed Care Contract	DCIPA	Arete NW LLC
Government Managed Care Contract	DSHS	Arete NW LLC
Government Managed Care Contract	OMAP	Arete NW LLC
Government Managed Care Contract	Tricare	Arete NW LLC
Government Managed Care Contract	Molina Healthcare	Arete NW LLC
Government Managed Care Contract	Community Health Plan of WA	Arete NW LLC
Government Managed Care Contract	Family Care OHP	Arete NW LLC
Government Managed Care Contract	Noridian Medicare	Arete NW LLC
Government Managed Care Contract	DSHS	Arete Sleep Therapy NW LLC
Government Managed Care Contract	OMAP/DMAP	Arete Sleep Therapy NW LLC
Government Managed Care Contract	National Supplier Clearinghouse Medicare	Arete Sleep Therapy NW LLC
Government Managed Care Contract	Care First of Arizona	Arete Sleep LLC
Government Managed Care Contract	One Healthcare	Arete Sleep LLC
Government Managed Care Contract	Health Choice of Arizona	Arete Sleep LLC
Government Managed Care Contract	Indian Health Services	Arete Sleep LLC
Government Managed Care Contract	Maricopa Health Plan	Arete Sleep LLC
Government Managed Care Contract	Tricare	Arete Sleep LLC
Government Managed Care Contract	Texas Medicaid	Arete Sleep LLC
Government Managed Care Contract	University Physicians	Arete Sleep LLC
Government Managed Care Contract	Noridian Medicare	Arete Sleep LLC
Government Managed Care Contract	Tricare	Arete Sleep Therapy LLC
Government Managed Care Contract	National Supplier Clearinghouse Medicare	Arete Sleep Therapy LLC

Schedule 3.5 - Terminated Contracts

Agreement Type	Party	Entity	Effective Date of Termination
Professional Services Agreement	Steven Marks, DO	Arete Sleep, LLC	01/14/2011

Schedule 3.6(b) - Leased Real Property

Street Address	City	State	Zip
1475 Richardson Dr, Suite 200	Richardson	TX	75080
1115 W. Randol Mill Rd, Suite 200	Arlington	TX	76012
2460 NE Griffin Oaks St.	Hillsboro	OR	97124
1320 E. Powell Blvd.	Gresham	OR	97030
2550 NW Edenbower Blvd	Roseburg	OR	97470
1230 Marine Dr.	Astoria	OR	97103
1409 Franklin St	Vancouver	WA	98660
5677-5687 N. Swan Rd	Tucson	AZ	85718
6009 E. Grant Road	Tucson	AZ	85712
7384 N. La Cholla Blvd.	Tucson	AZ	85741
1951 N. Wilmot Rd, Bldg 1, Unit 4	Tucson	AZ	85712
2350 W. Ray Rd.	Chandler	AZ	85224
6641 E. Baywood, Suite C-1	Mesa	AZ	85211
13203 N. 103rd Ave, Suite I-7	Sun City	AZ	85351
926 E. McDowell Rd	Phoenix	AZ	85006
9305 W. Thomas Rd, Suite 465	Phoenix	AZ	85037
6263 N. Scottsdale Rd., #395	Scottsdale	AZ	85250
8436 E. Shea Blvd., Suite 101	Scottsdale	AZ	85260

Schedule 3.8(a) - Contracts

Contract Party	Contract Type
Health EZ	Managed Care Agreement
Health Management Network	Managed Care Agreement
Humana	Managed Care Agreement
Indian Health Services	Managed Care Agreement
Lifewise	Managed Care Agreement
Banner Health	Managed Care Agreement
Maricopa Health Plan	Managed Care Agreement
Mayo	Managed Care Agreement
Multiplan/ PHCS	Managed Care Agreement
Pacificare	Managed Care Agreement
Pima Health	Managed Care Agreement
PPO Next	Managed Care Agreement
Schaller Anderson	Managed Care Agreement
Sterling Life	Managed Care Agreement
Secure Horizons	Managed Care Agreement
Three Rivers	Managed Care Agreement
Tricare	Managed Care Agreement
Texas Medicaid	Managed Care Agreement
United Healthcare	Managed Care Agreement
University Physicians	Managed Care Agreement
USAMCO	Managed Care Agreement
United Healthcare of Texas	Managed Care Agreement
Aetna Healthcare of Texas	Managed Care Agreement
Humana Healthcare of Texas	Managed Care Agreement
Bravo Health of Texas	Managed Care Agreement
Molina Healthcare of Texas	Managed Care Agreement
Medicare	Managed Care Agreement
Ancillary Care Services	Managed Care Agreement
BCBS of AZ	Managed Care Agreement
Beechstreet Network	Managed Care Agreement
Coventry / First Health Network	Managed Care Agreement
Health EZ	Managed Care Agreement
Humana	Managed Care Agreement

Schedule 3.8(a) - Contracts


Contract Party	Contract Type
Tricare	Managed Care Agreement
United Healthcare	Managed Care Agreement
BCBS of TX	Managed Care Agreement
United Healthcare of Texas	Managed Care Agreement
Sterling Life	Managed Care Agreement
Medicare	Managed Care Agreement
Care Centrix	Managed Care Agreement
Care Centrix	Managed Care Agreement
ODS	Managed Care Agreement
Sterling Life	Managed Care Agreement
DSHS	Managed Care Agreement
Pyramid Todays Option	Managed Care Agreement
OMAP/DMAP	Managed Care Agreement
Health EZ	Managed Care Agreement
Medicare	Managed Care Agreement
Ancillary Care Services	Managed Care Agreement
STS Properties, LLC	Commercial Real Property Lease
CP/IPERS Prince Forum, LLC	Commercial Real Property Lease
Baywood Medical Center	Commercial Real Property Lease
HTA - SC Royal Oaks, LLC	Commercial Real Property Lease
Slumber, LLC	Commercial Real Property Lease
Alsace, LLC	Commercial Real Property Lease
Estrella Medical Plaza 1, LLC	Commercial Real Property Lease
Riviera Properties, INC	Commercial Real Property Lease
Pinehurst Land Development, LLC	Commercial Real Property Lease
Powell Professional Center	Commercial Real Property Lease
Chapman & Chapman Investments	Commercial Real Property Lease
RYJE, LLC	Commercial Real Property Lease
Franklin Commons	Commercial Real Property Lease
Inhale, LLC	Commercial Real Property Lease
Long Realty Company	Commercial Real Property Lease
R.O.I. Properties	Commercial Real Property Lease
Majit Sehat, DDS	Commercial Real Property Lease

Schedule 3.8(a) - Contracts

Contract Party	Contract Type
Richardson Dr Reo, LLC	Commercial Real Property Lease
Pacific Office Automation	Office Equipment Lease
Pitney Bowse	Postage Machine Lease
Future Digiatl Imaging	Office Equipment Lease
Qwest Communication Compnay, LLC	Telecom/Long Distance/Internet
Sprint Solutions	Wireless Data/Air Cards
Verizon Business	Data Service
DP Air	Building AC Maintenance
Natip, Inc	Transcription Agreement
PMT, Inc	Transcription Agreement
Iron Mountain	Document Storage AZ,OR,TX
AZ Pest Prevention	Pest Control all AZ
Image First	Linen Service all AZ
Debra Collins	Janitorial Service TX
Aqua Chill	Water Service, AZ
Crystal Sierra Springs	Water Service, OR, TX
Zirmed	Eligibility Service
Emdeon	Eligibility Service
VGM Group	BT Licenses/Users
Nationwide	401K/Profit Sharing
Escreen	Drug Screen
Clarifacts	Background Check
Aerotek	Temp Agencies
Ajilon	Temp Agencies
Grafton	Temp Agencies
PES	Temp Agencies
Career Builder	Recruiting Agreement

Schedule 3.9(a)
Proprietary Rights

TRADEMARKS

Mark	Country	Status	Reg. No./Date	Owner
ARETE SLEEP HEALTH	U.S. Federal	Registered	3494081 26-AUG-2008	PHOENIX SLEEP HOLDINGS, L.L.C.
ARETÉ	U.S. Federal	Registered	3494080 26-AUG-2008	PHOENIX SLEEP HOLDINGS, L.L.C.
Design Only 	U.S. Federal	Registered	3494082 26-AUG-2008	PHOENIX SLEEP HOLDINGS, L.L.C.
SLEEP HEALTH SPECIALISTS	U.S. Federal	Registered	78/636,927 25-MAY-2005	PHOENIX SLEEP HOLDINGS, L.L.C.
SLEEP HEALTH SPECIALISTS	U.S. Federal	Registered	78/636,933 25-MAY-2005	PHOENIX SLEEP HOLDINGS, L.L.C.
YOUR DAYS ARE ONLY AS GOOD AS YOUR NIGHTS	U.S. Federal	Registered	3041201 10-JAN-2006	PHOENIX SLEEP HOLDINGS, L.L.C.

DOMAIN NAMES

Domain Name	Registrant
aretessleep.com	Arete Sleep
aretessleep.net	Arete Sleep
phoenixsleep.com	Arete Sleep
phoenixsleep.net	Arete Sleep
americansleepdiagnostics.com	Arete Sleep
sleepwellnessnw.com	Arete Sleep

Software: WyNX/MPF Practice Management Software

Schedule 3.9(c) - Proprietary Rights Disputes

Type	Description
	None

Schedule 3.9(e) - Business Systems

Software/System	Quantity	Business Use
MS Windows XP	135	Operating System
MS Windows Vista	8	Operating System
MS Windows 7	8	Operating System
MS Windows Server 2000 (Cisco)	4	Operating System
MS Windows Server 2003	10	Operating System
MS Windows Server 2008	6	Operating System
MS Windows Server 2003 CALS	80	Operating System
MS Windows Server 2008 CALS	5	Operating System
RedHat Enterprise Linux	2	Operating System
Hyper Jv	1	VM
VMWare vCenter Server	2	VM
MS Office 2003	55	User Productivity
MS Office 2007	10	User Productivity
MS Office 2010	5	User Productivity
MS Exchange 2003 Server	1	Email
MS TechNet Subscription	1	Development/Support
MS SQL Server 2005	1	Database
MS SQL 2005 CAL	10	Database access
Postgres		Database
MySQL		Database
Crystal Reports 2008 Server	1	Reporting Services
Crystal Reports Named users	5	Reporting Services
Crystal Reports Access users	10	Reporting Services
BrightTree hosted service		Invoicing/Collections
Core FTP Server	1	Sleep Study Xfer
Zabbix		System Monitoring
Symantec AV	150	Endpoint Security
Backup Exec Server	1	Backups
Medisoft	10	Invoicing and Collection
ConnectWise (hosted)	4	Trouble Ticket System
Xmedius Server (Fax Software)	1	Fax
Call Rex	19	Call Recording
Blackberry Users	10	PDA
IPCC	21	Call Center
Cisco Unity VM	115	Voice Mail
Cisco Call Manager	135	Phone System
Citrix Licenses	40	Remote connectivity
ADP PCPW Server	1	Accounting/HR
QuickBooks Pro 2009	5	Accounting
MAS500	5	Accounting
FAS	5	Fixed Asset Accounting
17" 1280x1024 ThinEdge Monitor for Corp	8	monitors
18.1 LCD 1280X1024 VP181-2	1	monitors
18.1 LCD 1280X1024 VP181-2	6	monitors
19" LCD 1280x1024 DVI-I 600 1	47	monitors
19in Monitors	12	monitors

Schedule 3.9(e) - Business Systems

Software/System	Quantity	Business Use
APC SMART UPS 750VA USB & ACCSSERIAL RM 2U 120V	6	backup battery system for remote site
APC Symmetra UPS system for Server room	1	backup battery system for server racks
Avocent Autoview 1000R ILOC/1 Rem-User 16 Sys	1	KVM system for servers
Canon DR-2580C Col Scan 20pp-600DPI	16	desktop scanners
Cisco 1760 router	8	MPLS routers (lab locations)
Cisco 2610 router	2	MPLS routers (lab locations)
Cisco 2811 router	9	MPLS routers (lab locations)
Cisco 2921 router	1	telephone router (new)
Cisco 2950 switch	11	network switches (labs)
Cisco 3560 switch	1	network switch (lab)
Cisco 3725 router	1	Internet router (corporate)
Cisco 3745 router	1	MPLS / PRI router (corporate)
Cisco 4506 core router	1	core router for corporate office
Cisco 79xx IP Phones	120	Cisco telephones
Cisco ASA5505 firewall	3	firewalls for remote locations
Cisco ASA5520 firewall	1	firewall (corporate)
Cisco MCS7800 server (MCS 7825)	4	telephone servers (IPCC, VM, TELCO)
Cisco PIX 525 Chas-Unrestrict SW 2GE	1	old firewall (corporate)
Dell CX300 SAN system	1	original SAN (production)
Dell Dimension 3000 Computer	1	desktop computer
Dell Dimension 3100	1	desktop computer
Dell EqualLogic PS6000 SAN system	1	new SAN for VM environments
Dell Inspiron 700M	1	laptop computer
Dell Inspiron 9300, Pentium M 730	1	laptop computer
Dell Latitude D410	1	laptop computer
Dell Latitude D500 laptop	3	laptop computer
Dell Latitude D505	2	laptop computer
Dell Latitude D520 Laptops	4	laptop computer
Dell LATITUDE D600	6	laptop computer
Dell Latitude D610	17	laptop computer
Dell Latitude D620 laptop	8	laptop computer
Dell Latitude D630	15	laptop computer
Dell Latitude E6400 laptop	11	laptop computer
Dell Latitude E6410 laptop	2	laptop computer
Dell Latitude E6500 laptop	3	laptop computer
Dell OptiPlex SX280 Ultra Small Form	17	desktop computer
Dell Optiflex GX620 Minitower	2	desktop computer
Dell OptiPlex 745 workstations	23	desktop computer
Dell OptiPlex 755 stations for Billing Department	3	desktop computer
Dell OptiPlex 760 Ultra computers for Billing department	16	desktop computer
Dell OptiPlex 780 Minitowers for corporate	8	desktop computer
Dell OptiPlex GX620	21	desktop computer
DELL OPTIPLEX SX260	1	desktop computer
DELL OPTIPLEX SX270	13	desktop computer

Schedule 3.9(e) - Business Systems

Software/System	Quantity	Business Use
DELL PowerEdge 1750 servers	18	servers
Serial Numbers		3J72J31
		6J72J31
		BJ72J31
		JH72J31
		HH72J31
		FJ72J31
		2J72J31
		102YH31
		1K72J31
		2YNWH31
		GJ72J31
		1YNWH31
		JJ72J31
		8J72J31
		3K72J31
		CJ72J31
		2K72J31
		7J72J31
Dell PowerEdge 1950 server	6	servers
Serial Numbers		6N7YXB1
		GN7YXB1
		CN7YXB1
		2N7YXB1
		3N7YXB1
		5N7YXB1
Dell PowerEdge 2950 server	3	servers
Serial Numbers		2N8XZF1
		4N8XZF1
		F025PH1
Dell PowerEdge R710 server	5	servers
Serial Numbers		7H0XGM1
		97GTLM1
		6R31MN1
		38R7VK1
		48R7VK1
DELL Precision M2400	1	laptop computer
DELL Precision M4400 notebook	1	laptop computer
Dell UltraSharp 17 inch Monitors	6	monitors
DELL ULTRASHARP FLAT PANEL LCD Monitors	22	monitors
HP Color LaserJet 3550N	1	color laser printer (corporate)
HP Digital sender-scanner for corporate	1	scanner (corporate)
Iomega NAS 200D Series 320GB (server)	3	NAS storage appliances (labs)
Laptop X41T 778	1	laptop computer
Muratec 3550 multifunction printer (lease)	12	printers (corporate, labs)

Schedule 3.9(e) - Business Systems

Software/System	Quantity	Business Use
Network rack 13U WALL-MOUNT ENCLOSURE NMS ACCSVENED FRONT DOOR	3	wall racks for terminating cabling
OVERLAND POWERLOADER 1 LTO2 DRIVE 3.4/6.6 17 SLOT (Tape Backup Drive for Servrs)	1	old LTO2 backup autoloader
Overland Storage Arc Vault Backup library (LTO3)	1	LTO3 library (restores)
Overland Storage Arc Vault Backup library (LTO5)	1	LTO5 library (production)
Sharp MX-B401 multifunction copier (lease)	7	copier/printer/fax (corporate)
Sharp MX-M450 multifunction copier (lease)	1	copier/printer/fax (corporate)
VIEWSONIC VG800 monitor	1	monitors
VIEWSONIC VP171B 17" 1280X1024 BLACK LCD MONITOR	3	monitors
Viewsonic VP720B 17in monitors and splitters for PCC	6	monitors
Viewsonic VP920B 19IN LCD 12x10- Doctors	3	monitors
Viewsonic VP930B 19 in LCD 12x10 monitors	2	monitors

Schedule 3.11 - Brokerage

Brokerage
None

Schedule 3.14 - Employee Benefits Plans

Benefit Plan
401K
Short-Term Disability
Long-Term Disability
Life Insurance
Health Insurance (Medical)
Health Insurance (Dental)
Health Insurance (Vision)
COBRA

Schedule 3.18(b) - Diagnostic Equipment

Chandler	
Dell Computers	Serial number
Bed 1	45628442674
Bed 2	45643092655
Bed 3	45642516928
Bed 4	45508843275
Bed 5	45509284421
Bed 6	45573664156
Sandman Amplifiers	
Bed 1	OTA03003
Bed 2	OTA03002
Bed 3	OTA02151
Bed 4	OTA02463
Bed 5	OTA04631
Bed 6	OTA04628
Pulse Ox	
Bed 1	Same as AMP
Bed 2	Same as AMP
Bed 3	Same as AMP
Bed 4	Same as AMP
Bed 5	Same as AMP
Bed 6	Same as AMP
Respironics PAP Machines	
Bed 1	5203468
Bed 2	5204185
Bed 3	5201083
Bed 4	5204200
Bed 5	5204223
Bed 6	4751966

Astoria	
Dell Computers	Serial number
Bed 1	C8BM221
Bed 2	BPS5401
Sandman Amplifiers	
Bed 1	F632039-CU-0200
Bed 2	2007-C0711006-CU-0310
Pulse Ox	
Bed 1	370845
Bed 2	
Respironics PAP Machines	
Bed 1	4827247
Bed 2	2007088942

Schedule 3.18(b) - Diagnostic Equipment

Central	
Dell Computers	Serial number
Bed 1	DFXR481
Bed 2	9MXR481
Bed 3	HNXR481
Bed 4	JXXR481
Bed 5	DB27Q91
Bed 6	DZK3191
Sandman Amplifiers	
Bed 1	2303
Bed 2	318
Bed 3	313
Bed 4	OTA04223
Bed 5	OTA04061
Bed 6	OTA04097
Pulse Ox	
Bed 1	Same as AMP
Bed 2	Same as AMP
Bed 3	Same as AMP
Bed 4	Same as AMP
Bed 5	Same as AMP
Bed 6	Same as AMP
Respironics PAP Machines	
Bed 1	5204246
Bed 2	4751175
Bed 3	5204220
Bed 4	5204191
Bed 5	5204182
Bed 6	5204198

Hillsboro	
Dell Computers	Serial number
Bed 1	7VKGOB1
Bed 2	BZKGOB1
Bed 3	YKGOB1
Bed 4	2VKGOB1
Sandman Amplifiers	
Bed 1	OTAOU94
Bed 2	GTA04096
Bed 3	GTA04131
Bed 4	OTA04073
Pulse Ox	
Bed 1	651319
Bed 2	
Bed 3	
Bed 4	
Respironics PAP Machines	
Bed 1	20040037407
Bed 2	2007088938
Bed 3	20040037428
Bed 4	473325

Schedule 3.18(b) - Diagnostic Equipment

Scottsdale	
Dell Computers	Serial number
Bed 1	1Z2K5M1
Bed 2	HQY4Z91
Bed 3	9N15JM1
Bed 4	GN15JM1
Sandman Amplifiers	
Bed 1	14220788
Bed 2	14420678
Bed 3	OTDO5582
Bed 4	OTDO5583
Pulse Ox	
Bed 1	G02853445
Bed 2	G99801388
Bed 3	Same as AMP
Bed 4	Same as AMP
Respironics PAP Machines	
Bed 1	5204194
Bed 2	5204221
Bed 3	4751195
Bed 4	5204173

Vancouver	
Dell Computers	Serial number
Bed 1	GYR5X91
Bed 2	GQD5Q01
Bed 3	G59K9C1
Bed 4	FP554D1
Sandman Amplifiers	
Bed 1	2007-C0711100-CU-0310
Bed 2	F585039-CU-0200
Bed 3	F525039-CU-0200
Bed 4	F537039-CU-0200
Pulse Ox	
Bed 1	350336
Bed 2	
Bed 3	
Bed 4	
Respironics PAP Machines	
Bed 1	4796031
Bed 2	20060662855
Bed 3	20050691957
Bed 4	20050691955

Schedule 3.18(b) - Diagnostic Equipment

Estrella	
Dell Computers	Serial number
Bed 1	9YKGOB1
Bed 2	3YKGOB1
Bed 3	40Y4Z991
Bed 4	269k9C1
Sandman Amplifiers	
Bed 1	OTD03473
Bed 2	OTD03472
Bed 3	OTD03887
Bed 4	OTD03816
Pulse Ox	
Bed 1	Same as AMP
Bed 2	Same as AMP
Bed 3	Same as AMP
Bed 4	Same as AMP
Respironics PAP Machines	
Bed 1	5204240
Bed 2	5204209
Bed 3	5204237
Bed 4	5203437

Gresham	
Dell Computers	Serial number
Bed 1	B88M2D1
Bed 2	G7Z851
Bed 3	CF72S51
Bed 4	SLN4X31
Sandman Amplifiers	
Bed 1	2007-C0711038-CU0310
Bed 2	F458040-CU-0110
Bed 3	2007-CO711025-CU0310
Bed 4	F587039-CU-0200
Pulse Ox	
Bed 1	LR83810
Bed 2	
Bed 3	
Bed 4	
Respironics PAP Machines	
Bed 1	20060807444
Bed 2	20040294137
Bed 3	20060550480
Bed 4	4796027

Schedule 3.18(b) - Diagnostic Equipment

Mesa	
Dell Computers	Serial number
Bed 1	75XY181
Bed 2	75STS61
Sandman Amplifiers	
Bed 1	30220
Bed 2	30282
Pulse Ox	
Bed 1	G05072381
Bed 2	G05805200
Respironics PAP Machines	
Bed 1	5204245
Bed 2	4752169

Roseburg	
Dell Computers	Serial number
Bed 1	JF7ZS51
Bed 2	9YR5X91
Bed 3	72WSN31
Bed 4	3N37071
Sandman Amplifiers	
Bed 1	F461040-CU-0110
Bed 2	F545039-CU-0200
Bed 3	F474040-CU-0200
Bed 4	F493051-CU-0200
Pulse Ox	
Bed 1	262761
Bed 2	
Bed 3	
Bed 4	
Respironics PAP Machines	
Bed 1	20050065430
Bed 2	20050691988
Bed 3	20050065428
Bed 4	4793862

Schedule 3.18(b) - Diagnostic Equipment

Sun City	
Dell Computers	Serial number
Bed 1	6WLVM31
Bed 2	FWNWQ91
Bed 3	CVLVM31
Bed 4	BWNWQ91
Bed 5	4JXY181
Bed 6	2Z8V1371
Bed 7	JX04591
Bed 8	85STS61
Sandman Amplifiers	
Bed 1	14220782
Bed 2	14230302
Bed 3	14220362
Bed 4	OTD03471
Bed 5	14230395
Bed 6	14220843
Bed 7	14230276
Bed 8	14230135
Pulse Ox	
Bed 1	G99835088
Bed 2	G04850422
Bed 3	G99822144
Bed 4	Same as AMP
Bed 5	G05872449
Bed 6	G06813400
Bed 7	G06813710
Bed 8	G21687158
Respironics PAP Machines	
Bed 1	4751183
Bed 2	4752178
Bed 3	5204202
Bed 4	5202440
Bed 5	5204176
Bed 6	5204228
Bed 7	5204183
Bed 8	5204178

[illegible]

Schedule 3.18(b) - Diagnostic Equipment

Wilmot	
Dell Computers	Serial number
Bed 1	824J491
Bed 2	FLYC291
Bed 3	4HWV071
Bed 4	4K12W11
Bed 5	5RPDHN1
Bed 6	8QPDHN1
Bed 7	5OL3T91
Sandman Amplifiers	
Bed 1	0135-Canada
Bed 2	14200480
Bed 3	14200293
Bed 4	14220248
Bed 5	OTD05646
Bed 6	OTD05647
Bed 7	OTA04335
Pulse Ox	
Bed 1	G02849311
Bed 2	G02848866
Bed 3	G03844304
Bed 4	G05872330
Bed 5	Same as AMP
Bed 6	Same as AMP
Bed 7	Same as AMP
Respironics PAP Machines	
Bed 1	4599882
Bed 2	3744501
Bed 3	3608466
Bed 4	4429143
Bed 5	3608447
Bed 6	2583033
Bed 7	4751219

Richardson	
Dell Computers	Serial number
Bed 1	5ZKG0B1
Bed 2	1YKG0B1
Bed 3	DYKG0B1
Bed 4	GYKG0B1
Sandman Amplifiers	
Bed 1	14200424
Bed 2	14200479
Bed 3	OTA04134
Bed 4	
Pulse Ox	
Bed 1	6048505502004
Bed 2	G008171572000
Bed 3	OTA04134
Bed 4	Unable to Read Serial Number
Respironics PAP Machines	
Bed 1	20060896137
Bed 2	20060896127
Bed 3	20060896126
Bed 4	2006896122

Schedule 3.18(b) - Diagnostic Equipment

La Cholla	
Dell Computers	Serial number
Bed 1	FOL3291
Bed 2	3MYC291
Bed 3	CYKGOB1
Bed 4	9H521C1
Bed 5	Being Replaced
Bed 6	FW2DQN1
Sandman Amplifiers	
Bed 1	OTA04323
Bed 2	OTA04289
Bed 3	OTA04132
Bed 4	OTA04294
Bed 5	OTA04301
Bed 6	OTD03815
Pulse Ox	
Bed 1	Same as AMP
Bed 2	Same as AMP
Bed 3	Same as AMP
Bed 4	Same as AMP
Bed 5	Same as AMP
Bed 6	Same as AMP
Respironics PAP Machines	
Bed 1	4621091
Bed 2	4621075
Bed 3	4621119
Bed 4	4621071
Bed 5	4621115
Bed 6	4448454

[illegible]

Schedule 3.18(b) - Diagnostic Equipment

Hurst	
Dell Computers	
Bed 1	B24J491
Bed 2	B24J491
Sandman Amplifiers	
Bed 1	14230278
Bed 2	14220508
Pulse Ox	
Bed 1	G03846029
Bed 2	G04850574
Respironics PAP Machines	
Bed 1	20060896125
Bed 2	20060896132

Baylor	
Dell Computers	
Bed 1	4RKXRK1
Bed 2	D7FC221
Bed 3	B5STS61
Sandman Amplifiers	
Bed 1	14220622
Bed 2	14200484
Bed 3	14230122
Pulse Ox	
Bed 1	G00882724
Bed 2	G008830124
Bed 3	G008830097
Respironics PAP Machines	
Bed 1	20060896130
Bed 2	20060896128
Bed 3	20060896121

Schedule 3.18(b) - Diagnostic Equipment

Dallas Medical Center	
Dell Computers	
Bed 1	HRCC3M1
Bed 2	ZRCC3M1
Sandman Amplifiers	
Bed 1	OTM01751
Bed 2	OTM01753
Pulse Ox	
Bed 1	OTM01751
Bed 2	OTM01753
Respironics PAP Machines	
Bed 1	5205833
Bed 2	5205809

December 2010 MONTH-END INVENTORY		
PHX Region	\$	127,906
TUC Region	\$	66,146
TX Region	\$	38,622
PNW Region	\$	146,530
Parcel Port	\$	61,920
Total	\$	441,124

Warehouse	Code	Description	Actual On-Hand	Scottdale	Scottdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
PHORT	100332	Circadiane Sleep Weaver Advance Mask w/headgear	796	3	180.00	4	240.00	6	360.00	3	180.00	60.00	960.00
PHORT	1002064	Respironics Softcap Headgear Med	3	0	-	-	-	0	-	3	67.40	22.47	67.40
PHORT	1002000	Respironics - Wired Data Modem	158	5	150.00	0	-	0	-	3	90.00	30.00	240.00
PHORT	1002065	Respironics Softcap Headgear Large	0	0	-	0	-	0	-	0	-	-	-
PHORT	1002757	Respironics Simplicity Nasal - Small	0	0	-	0	-	0	-	0	-	65.00	-
PHORT	1002759	Respironics - Simplicity Nasal - Medium	0	0	-	0	-	0	-	0	-	65.00	-
PHORT	1002800	Respironics - Deluxe Headgear	0	0	-	0	-	0	-	0	-	9.00	-
PHORT	1003755	Respironics - M-Series Water Chamber R2B/R3B Kit	75	0	-	0	-	4	70.00	1	17.50	17.50	87.50
PHORT	1003757	Respironics - M-Series Replacement water chamber	0	0	-	0	-	0	-	0	-	17.50	-
PHORT	1004086	Respironics - Profile Lite Nasal - Petite	168	0	-	2	110.00	1	55.00	0	-	55.00	165.00
PHORT	1004087	Respironics - Profile Lite Nasal - Small	168	1	55.00	2	110.00	0	-	0	-	55.00	165.00
PHORT	1004088	Respironics - Profile Lite Nasal - Medium/Small	392	2	110.00	3	165.00	2	110.00	0	-	55.00	385.00
PHORT	1004089	Respironics - Profile Lite Nasal - Medium	224	2	110.00	0	-	2	110.00	0	-	55.00	220.00
PHORT	1004110	Respironics - Profile Lite Nasal Mask - Med Wide	1	0	-	0	-	0	-	1	55.00	55.00	55.00
PHORT	1004111	Respironics - Profile Lite with headgear - Large	113	0	-	2	110.00	0	-	1	55.00	55.00	165.00
PHORT	1004112	Respironics - Profile Lite W/O headgear - Lg Nairo	0	0	-	0	-	0	-	0	-	55.00	-
PHORT	1004872	Respironics - Comfort Full - Medium	244	1	80.00	0	-	2	160.00	1	80.00	80.00	320.00
PHORT	1004880	Respironics - Comfort Full - Small	325	2	160.00	0	-	2	160.00	1	80.00	80.00	400.00
PHORT	1004950	Respironics - Comfort Full - Large	245	1	80.00	0	-	2	160.00	2	160.00	80.00	400.00
PHORT	1005792	Respironics - REMstar Heated Humidifier	1	0	-	0	-	1	-	0	-	-	-
PHORT	1007919	Respironics - Comfort Select Nasal - Medium	53	1	50.00	0	-	0	-	2	100.00	50.00	150.00
PHORT	1007930	Respironics Comfort Select Nasal - Small	205	2	100.00	0	-	2	100.00	1	50.00	50.00	250.00
PHORT	1007931	Respironics - Comfort Select Nasal - Small Wide	206	2	100.00	0	-	2	100.00	2	100.00	50.00	300.00
PHORT	1007935	Respironics - Comfort Select Nasal - Medium	0	0	-	0	-	0	-	0	-	50.00	-
PHORT	1007936	Respironics - Comfort Select Cushion - Small	0	0	-	0	-	0	-	0	-	50.00	-
PHORT	1007937	Respironics Comfort Select Nasal - Small Wide	0	0	-	0	-	0	-	0	-	50.00	-
PHORT	1007963	Respironics - Comfort Classic Nasal - Small	155	3	90.00	0	-	2	60.00	0	-	30.00	150.00
PHORT	1007964	Respironics - Comfort Classic Nasal - Med	124	3	90.00	0	-	1	30.00	0	-	30.00	120.00
PHORT	1009040	Respironics Comfort Gel mask and headgear - Petite	0	0	-	0	-	0	-	0	-	55.00	-
PHORT	1009041	Respironics Comfort Gel mask and headgear - Small	58	1	55.00	0	-	0	-	2	110.00	55.00	165.00
PHORT	1009042	Respironics Comfort Gel mask and headgear - Medium	171	1	55.00	2	110.00	0	-	3	165.00	55.00	330.00
PHORT	1009043	Respironics Comfort Gel mask and headgear - Large	56	1	55.00	0	-	0	-	0	-	55.00	55.00
PHORT	1009048	Respironics - Comfort Gel Cushion - Petite	0	0	-	0	-	0	-	0	-	17.00	-
PHORT	1009049	Respironics - Comfort Gel Cushion - Small	0	0	-	0	-	0	-	0	-	17.00	-
PHORT	1009050	Respironics - Comfort Gel Cushion - Med	0	0	-	0	-	0	-	0	-	17.00	-
PHORT	1009051	Respironics - Comfort Gel Cushion - LG	0	0	-	0	-	0	-	0	-	17.00	-
PHORT	1010641	Respironics Comfort Gel MASK ONLY - Large	0	0	-	0	-	0	-	0	-	55.00	-
PHORT	1012911	Respironics - Premium Chin Strap	110	2	20.00	3	30.00	5	50.00	0	-	10.00	100.00
PHORT	1017442	Respironics - RemStar BIPAP Auto Core package	0	0	-	0	-	0	-	0	-	-	-
PHORT	1019185	Respironics - Comfort Curve	0	0	-	0	-	0	-	0	-	95.00	-
PHORT	1021821	Respironics - Comfort Lite II Cushion - Large	0	0	-	0	-	0	-	0	-	18.00	-
PHORT	1021823	Respironics - Comfort Lite II Cushion - Medium	0	0	-	0	-	0	-	0	-	18.00	-
PHORT	1021830	Respironics - Comfort Lite II Cushion - Small	0	0	-	0	-	0	-	0	-	18.00	-
PHORT	1021835	Respironics - Comfort Lite II Cushion - Petite	0	0	-	0	-	0	-	0	-	18.00	-
PHORT	1022334	Respironics - M-Series Heated Humidifier	0	0	-	0	-	0	-	0	-	-	-
PHORT	1029331	Respironics - M-Series Ultra Fine Filters Disp.	0	0	-	0	-	0	-	0	-	5.00	-
PHORT	1029533	Respironics - M-Series Replacement water chamber	0	0	-	0	-	0	-	0	-	17.50	-
PHORT	1030494	Respironics - Comfort Lite 2 - Small/Medium	61	1	60.00	0	-	0	-	0	-	60.00	60.00
PHORT	1030495	Respironics - Comfort Lite 2 - Medium/Large	62	1	60.00	0	-	0	-	1	60.00	60.00	120.00
PHORT	1030502	Respironics - Comfort Lite 2 - Petite	0	0	-	0	-	0	-	0	-	60.00	-
PHORT	1030503	Respironics - Comfort Lite 2 - Pillow Support - Small	0	0	-	0	-	0	-	0	-	14.00	-
PHORT	1030504	Respironics - Comfort Lite 2 - Pillow Support - Medium	0	0	-	0	-	0	-	0	-	14.00	-
PHORT	1030505	Respironics - Comfort Lite 2 - Pillow Support - Large	0	0	-	0	-	0	-	0	-	14.00	-
PHORT	1031391	Respironics - Comfort Gel Cushion - Petite	0	0	-	0	-	0	-	0	-	22.00	-

Case 2:11-bk-02009-RTB

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Filed 01/26/11

Entered 01/26/11

18:20:14 Desc

Main Document

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Warehouse	Code	Description	Actual On-hand	Scottdale	Scottdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
PHORT	1031392	Respironics - Comfort Gel Cushion - Small	0	0	-	0	-	0	-	0	-	22.00	- Respironics
PHORT	1031403	Respironics - Comfort Gel Cushion - Medium	0	0	-	0	-	0	-	0	-	22.00	- Respironics
PHORT	1031404	Respironics - Comfort Gel Cushion - Large	0	0	-	0	-	0	-	0	-	22.00	- Respironics
PHORT	10312907	Respironics-Performance Tubing ultralight	0	0	-	0	-	0	-	0	-	6.00	- Respironics
PHORT	1033678	Respironics - Premium Headgear	0	0	-	0	-	0	-	0	-	12.00	- Respironics
PHORT	1035162	Respironics - REMStar replacement water chamber	0	0	-	0	-	0	-	0	-	11.81	- Respironics
PHORT	1036800	Respironics - OptiLife Nasal Pillow Mask - Kit	307	0	-	0	-	5	300.00	2	120.00	60.00	420.00 Respironics
PHORT	1036801	Respironics - OptiLife Nasal Pillow w/ CradleCush	1228	5	300.00	10	600.00	5	300.00	8	480.00	60.00	1,680.00 Respironics
PHORT	1036802	Respironics - OptiLife Nasal Pillow w/ CradleCush	1595	7	420.00	13	780.00	6	360.00	9	540.00	60.00	2,100.00 Respironics
PHORT	1036838	Respironics - OptiLife Pillow - Pet	0	0	-	0	-	0	-	0	-	14.00	- Respironics
PHORT	1036839	Respironics - OptiLife Pillow- Sm	0	0	-	0	-	0	-	0	-	14.00	- Respironics
PHORT	1036840	Respironics - OptiLife Pillow- Med	0	0	-	0	-	0	-	0	-	14.00	- Respironics
PHORT	1036841	Respironics - OptiLife Pillow- LG	0	0	-	0	-	0	-	0	-	14.00	- Respironics
PHORT	1036846	OPTILIFE CRADLE CUSHION, SIZE S, SINGLE	3	0	-	0	-	0	-	3	99.75	33.25	99.75 Respironics
PHORT	1036847	OPTILIFE CRADLE CUSHION, SIZE S, SINGLE	3	0	-	0	-	0	-	3	114.00	38.00	114.00 Respironics
PHORT	1037688	Respironics - M-series Wired Modern	102	0	-	3	90.00	0	-	9	270.00	30.00	360.00 Respironics
PHORT	1040135	Respironics - Comfort Gel mask and headgear- Sm	1731	7	630.00	10	300.00	2	180.00	20	180.00	90.00	1,890.00 Respironics
PHORT	1040136	Respironics - Comfort Gel mask and headgear- Med	2642	2	180.00	3	270.00	24	2,160.00	3	270.00	90.00	2,880.00 Respironics
PHORT	1040137	Respironics - Comfort Gel mask and headgear- Lrg	2733	4	360.00	6	540.00	20	1,800.00	3	270.00	90.00	2,970.00 Respironics
PHORT	1040716	Respironics - BiPap Auto SV Core Package	0	0	-	0	-	0	-	0	-	2,510.00	- Respironics
PHORT	1047919	Full Life face mask with headgear- Small	884	2	158.40	4	316.00	5	395.00	4	316.00	79.00	1,185.00 Respironics
PHORT	1040768	Respironics - Comfort Fusion Sm/Med Mask Kit	2096	13	650.00	8	400.00	20	1,000.00	5	250.00	50.00	2,300.00 Respironics
PHORT	1040840	Respironics - Comfort Fusion Cushion & Ring - Small	4	0	-	0	-	4	200.00	4	200.00	50.00	200.00 Respironics
PHORT	1040841	Respironics - Comfort Fusion Cushion & Ring - Med	36	4	200.00	0	-	3	150.00	4	200.00	50.00	550.00 Respironics
PHORT	1042907	Respironics - SleepEasy with Humidifier	12555	0	-	0	-	5	12,550.00	0	2,510.00	50.00	12,550.00 Respironics
PHORT	1043237	Respironics - SleepEasy with Humidifier	825	1	205.00	0	-	3	615.00	1	205.00	205.00	1,025.00 Respironics
PHORT	1048988	SleepEasy Replacement Chamber Kit	1	0	-	0	-	0	-	1	17.50	17.50	17.50 Respironics
PHORT	1049109	Respironics - M-Series Heated Humidifier	0	0	-	0	-	0	-	0	-	-	- Respironics
PHORT	1051158	Respironics - M-Series Heated Humid R3 Core PK	2	1	-	0	-	0	-	1	-	-	- Respironics
PHORT	1056215	Respironics - M-Series Heated Humid R3 Core PK	96	30	-	11	-	27	-	28	-	-	- Respironics
PHORT	1050001	Respironics - Easy Life Mask - Xsmall	1433	10	500.00	7	350.00	11	550.00	5	250.00	50.00	1,650.00 Respironics
PHORT	1050002	Respironics - Easy Life Mask - Small	922	7	350.00	3	150.00	8	400.00	4	200.00	50.00	1,100.00 Respironics
PHORT	1050003	Respironics - Easy Life Mask - Medium	361	0	-	4	200.00	3	150.00	4	200.00	50.00	550.00 Respironics
PHORT	1050004	Respironics - Easy Life Mask - Large	255	0	-	2	100.00	3	150.00	0	-	50.00	250.00 Respironics
PHORT	1060801	FitLife Mask with headgear-Small	728	1	120.00	0	-	5	600.00	2	240.00	120.00	960.00 Respironics
PHORT	1060802	FitLife Mask with headgear-Medium	973	2	240.00	0	-	6	720.00	5	600.00	120.00	1,560.00 Respironics
PHORT	1070037	Respironics-Comfort Gel Blue Mask- Large	800	1	-	0	-	15	825.00	0	-	55.00	825.00 Respironics
PHORT	1070038	Respironics-Comfort Gel Blue Mask- Medium	2416	0	-	55.00	34	1,870.00	0	-	55.00	1,980.00	1,980.00 Respironics
PHORT	1070039	Respironics-Comfort Gel Blue Mask- Small	3074	4	220.00	110	205.00	31	1,705.00	2	110.00	55.00	2,145.00 Respironics
PHORT	1070040	Respironics-Comfort Gel Blue Mask- Petite	449	2	110.00	2	110.00	4	220.00	1	55.00	55.00	495.00 Respironics
PHORT	16015	ResMed - Chin Restraint	142	9	81.00	5	45.00	0	-	2	18.00	9.00	144.00 ResMed
PHORT	16333	ResMed - Mirage Micro - Small	795	10	600.00	0	-	3	180.00	2	120.00	60.00	900.00 ResMed
PHORT	16334	ResMed - Mirage Micro - Med and Large	1285	17	1,020.00	2	120.00	2	120.00	4	240.00	60.00	1,500.00 ResMed
PHORT	16548	ResMed - Ultra Mirage II Nasal Mask - Standard	224	3	165.00	0	-	1	55.00	0	-	55.00	220.00 ResMed
PHORT	16549	ResMed - Ultra Mirage II Nasal Mask - Large	56	0	-	0	-	1	55.00	0	-	55.00	55.00 ResMed
PHORT	16550	ResMed - Ultra Mirage II Nasal Mask - Shallow	114	1	55.00	0	-	1	55.00	0	110.00	55.00	220.00 ResMed
PHORT	16556	ResMed - UM II Nasal Cushion - Standard	0	0	-	0	-	0	-	0	-	16.00	- ResMed
PHORT	16557	ResMed - UM II Nasal Cushion - Large	0	0	-	0	-	0	-	0	-	16.00	- ResMed
PHORT	16558	ResMed - UM II Nasal Cushion - Shallow	0	0	-	0	-	0	-	0	-	16.00	- ResMed
PHORT	16577	ResMed - Ultra Mirage II Nasal Mask - Shallow Wide	112	1	55.00	0	-	1	55.00	0	-	55.00	110.00 ResMed
PHORT	16604	ResMed - Ult Mirage FF Cushion-Small Std	0	0	-	0	-	0	-	0	-	28.00	- ResMed
PHORT	16605	ResMed - Ult Mirage FF Cushion-Medium Std	0	0	-	0	-	0	-	0	-	28.00	- ResMed
PHORT	16606	ResMed - Ult Mirage FF Cushion-Large Std	0	0	-	0	-	0	-	0	-	28.00	- ResMed
PHORT	16672	ResMed - Ult Mirage FF Cushion-Med Shallow	0	0	-	0	-	0	-	0	-	28.00	- ResMed
PHORT	16673	ResMed - Ult Mirage FF Cushion-Large Shallow	0	0	-	0	-	0	-	0	-	28.00	- ResMed
PHORT	16735	ResMed - Ult Mirage FF Cushion-Shallow Wide	0	0	-	0	-	0	-	0	-	28.00	- ResMed
PHORT	19408	ResMed - S8 Replacement Unit	3	0	-	0	-	0	-	3	-	-	- ResMed
PHORT	21127	ResMed - S6	0	0	-	0	-	0	-	0	-	-	- ResMed
PHORT	24101	ResMed VPAP III - Bilevel device	0	0	-	0	-	0	-	0	-	-	- ResMed
PHORT	24111	ResMed VPAP III - ST-Bilevel device	0	0	-	0	-	0	-	0	-	-	- ResMed
PHORT	24112	ResMed VPAP III - ST-Bilevel device	0	0	-	0	-	0	-	0	-	-	- ResMed
PHORT	26005	ResMed VPAP Adapt SV - Bilevel device	0	0	-	0	-	0	-	0	-	-	- ResMed
PHORT	26013	ResMed VPAP Adapt SV - Bilevel device	0	0	-	0	-	0	-	0	-	2,700.00	- ResMed

Warehouse	Code	Description	Actual On-hand	Scottdale	Scottdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value	
PHORT	26101	ResMed VPAP Auto 25	0	0	-	0	-	0	-	0	-	995.00	-	ResMed
PHORT	26201	ResMed VPAP Maibou - Bilevel device	0	0	-	0	-	0	-	0	-	-	-	ResMed
PHORT	26940	ResMed Humidaire 4i heated humidifier	1	0	-	0	-	1	-	0	-	-	-	ResMed
PHORT	26952	ResMed - H4i Water Chamber	31	0	-	0	-	2	28.00	1	14.00	14.00	42.00	ResMed
PHORT	26959	ResMed - H4i Upgrade Water Chamber Kit	17	0	-	0	-	1	15.00	1	15.00	15.00	30.00	ResMed
PHORT	30001	ResMed- S7 Autoset Spirit	0	0	-	0	-	0	-	0	-	-	-	ResMed
PHORT	30002	ResMed- S7 Elite	0	0	-	0	-	0	-	0	-	-	-	ResMed
PHORT	30011	ResMed- S7 Lightweight	0	0	-	0	-	0	-	0	-	-	-	ResMed
PHORT	302218	Resprionics - Contour Nasal - Large	0	0	-	0	-	0	-	0	-	37.00	-	Resprionics
PHORT	302328	Resprionics - Simple Chin Strap	0	0	-	0	-	0	-	0	-	9.00	-	Resprionics
PHORT	302425	Resprionics - Deluxe Chin Strap	223	3	57.00	4	76.00	4	76.00	3	57.00	19.00	266.00	Resprionics
PHORT	302465	Resprionics Softcap Headgear Small	0	0	-	0	-	0	-	0	-	-	-	Resprionics
PHORT	30902	ResMed Humidaire 2i heated humidifier	0	0	-	0	-	0	-	0	-	-	-	ResMed
PHORT	30951	ResMed - H2i replacement water chamber	47	0	-	1	22.50	1	22.50	0	-	22.50	45.00	ResMed
PHORT	33007	ResMed - S8 Escape	0	0	-	0	-	0	-	0	-	305.00	-	ResMed
PHORT	33007R	ResMed - S8 Escape Replacement	0	0	-	0	-	0	-	0	-	305.00	-	ResMed
PHORT	33021	ResMed - S8 Elite	0	0	-	0	-	0	-	0	-	305.00	-	ResMed
PHORT	33021R	ResMed - S8 Elite Replacement	0	0	-	0	-	0	-	0	-	-	-	ResMed
PHORT	33039	ResMed - S8 Elite II	0	0	-	0	-	0	-	0	-	350.00	-	ResMed
PHORT	33051	ResMed - S8 Escape II	0	0	-	0	-	0	-	0	-	305.00	-	ResMed
PHORT	33112	ResMed - S8 Autoset Vantage	0	0	-	0	-	0	-	0	-	-	-	ResMed
PHORT	33129	ResMed - Autoset Vantage II	0	0	-	0	-	0	-	0	-	435.00	-	ResMed
PHORT	33906	ResMed Humidaire 3i heated humidifier	5	0	-	0	-	5	-	0	-	-	-	ResMed
PHORT	33957	ResMed - H3i replacement water chamber	168.5	5	112.50	0	-	2	45.00	0	90.00	22.50	247.50	ResMed
PHORT	33963	ResMed - H3i replacement water chamber	82.2	0	-	0	-	12	70.20	0	-	5.85	70.20	ResMed
PHORT	36015	ResMed - S9 Auto Set w/H5	0	0	-	0	-	0	-	0	-	550.00	-	ResMed
PHORT	36900	ResMed - S9 Auto Set w/H5	551	0	-	1	550.00	0	-	0	-	550.00	550.00	ResMed
PHORT	36995	ResMed - S9 Auto Set w/H5/Climate control	1142	0	-	2	1,140.00	0	-	0	-	570.00	1,140.00	ResMed
PHORT	400439	Fisher & Paykel - Zest Nasa Mask Small	308	3	180.00	0	-	2	120.00	3	180.00	60.00	480.00	Fisher & Paykel
PHORT	400441	Fisher & Paykel - Zest Nasa Mask Medium	431	2	120.00	2	120.00	3	180.00	5	300.00	60.00	720.00	Fisher & Paykel
PHORT	400470	Fisher & Paykel - Forma Face Mask-Small	772	5	475.00	1	95.00	2	190.00	3	285.00	60.00	1,045.00	Fisher & Paykel
PHORT	400471	Fisher & Paykel - Forma Face Mask-Md/Lrg	577	2	190.00	0	-	3	285.00	1	95.00	95.00	665.00	Fisher & Paykel
PHORT	400HC103	Fisher & Paykel - Lrg Cushion for HC431A	0	0	-	0	-	0	-	0	-	14.00	-	Fisher & Paykel
PHORT	400HC104	Fisher & Paykel - Med Cushion for HC431A	0	0	-	0	-	0	-	0	-	14.00	-	Fisher & Paykel
PHORT	400HC112	Fisher & Paykel - Small Cushion for HC431A	0	0	-	0	-	0	-	0	-	14.00	-	Fisher & Paykel
PHORT	400HC113	Fisher & Paykel - Small Cushion for HC432AS	0	0	-	0	-	0	-	0	-	14.00	-	Fisher & Paykel
PHORT	400HC114	Fisher & Paykel - Med Cushion for HC432AM	0	0	-	0	-	0	-	0	-	14.00	-	Fisher & Paykel
PHORT	400HC115	Fisher & Paykel - Lrg Cushion for HC432AL	0	0	-	0	-	0	-	0	-	14.00	-	Fisher & Paykel
PHORT	400HC116	Fisher & Paykel - Opus HC482 Repl. Pillow - Sm	0	0	-	0	-	0	-	0	-	11.00	-	Fisher & Paykel
PHORT	400HC117	Fisher & Paykel - Opus HC482 Repl. Pillow - Med	0	0	-	0	-	0	-	0	-	11.00	-	Fisher & Paykel
PHORT	400HC118	Fisher & Paykel - Opus HC482 Repl. Pillow - Lrg	0	0	-	0	-	0	-	0	-	11.00	-	Fisher & Paykel
PHORT	400HC501	Fisher & Paykel - Cushion/Seal for HC407 - 1 size	0	0	-	0	-	0	-	0	-	14.00	-	Fisher & Paykel
PHORT	400HC509	Fisher & Paykel - Cushion/Seal for HC406 - 1 size	0	0	-	0	-	0	-	0	-	14.00	-	Fisher & Paykel
PHORT	400440	Fisher & Paykel - Zest nasal mask - Standard	916	10	600.00	0	-	5	300.00	1	60.00	60.00	960.00	Fisher & Paykel
PHORT	60000	ResMed - Mirage Vista - Standard nasal	0	0	-	0	-	0	-	0	-	59.00	-	ResMed
PHORT	60001	ResMed - Mirage Vista - Large nasal	0	0	-	0	-	0	-	0	-	59.00	-	ResMed
PHORT	60100	ResMed - Mirage Activa - Standard nasal	264	1	65.00	3	195.00	0	-	0	-	65.00	260.00	ResMed
PHORT	60101	ResMed - Mirage Activa - Large nasal	264	4	260.00	0	-	0	-	0	-	65.00	260.00	ResMed
PHORT	60102	ResMed - Mirage Activa - Shallow nasal	264	2	130.00	2	130.00	0	-	0	-	65.00	260.00	ResMed
PHORT	60117	ResMed Activa replacement cushion - Standard	1	0	-	0	-	0	-	1	19.00	19.00	19.00	ResMed
PHORT	60118	ResMed Activa replacement cushion - Large	0	0	-	0	-	0	-	0	-	19.00	-	ResMed
PHORT	60119	ResMed Activa replacement cushion - Shallow	0	0	-	0	-	0	-	0	-	19.00	-	ResMed
PHORT	60148	ResMed - Mirage Activa LT Nasal Mask - Med	561.46	6	299.70	2	99.90	3	149.85	1	49.95	49.95	599.40	ResMed
PHORT	60149	ResMed - Mirage Activa LT Nasal Mask - Lrg	769.25	8	399.60	3	149.85	4	199.80	5	249.75	49.95	999.00	ResMed
PHORT	60512	ResMed - Swift II Nasal pillow Mask - Kit	1652	15	1,110.00	1	74.00	6	444.00	2	148.00	74.00	1,776.00	ResMed
PHORT	60520	ResMed - Swift Pillow sleeve - Small	0	0	-	0	-	0	-	0	-	14.00	-	ResMed
PHORT	60521	ResMed - Swift Pillow sleeve - Medium	30	0	-	0	-	2	28.00	0	-	14.00	28.00	ResMed
PHORT	60522	ResMed - Swift Pillow sleeve - Large	0	0	-	0	-	0	-	0	-	14.00	-	ResMed
PHORT	60541	ResMed - Swift 2 Pillow sleeve - Small	60	4	56.00	0	-	0	-	0	-	14.00	56.00	ResMed
PHORT	60542	ResMed - Swift 2 Pillow sleeve - Medium	0	0	-	0	-	0	-	0	-	14.00	-	ResMed
PHORT	60543	ResMed - Swift 2 Pillow sleeve - Large	0	0	-	0	-	0	-	0	-	14.00	-	ResMed
PHORT	60580	ResMed - Swift LT Nasal Pillow System	226	11	715.00	5	385.00	18	1,170.00	2	130.00	65.00	2,550.00	ResMed
PHORT	60588	ResMed - Swift LT Nasal for Her	26	1	160.00	1	80.00	1	80.00	7	455.00	65.00	2,665.00	ResMed

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Warehouse	Code	Description	Actual On-hand	Scottsdale	Scottsdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value	
PHORT	60600	ResMed - Ultra Mirage Full - Small Standard	1	0	-	0	-	0	-	1	105.00	105.00	105.00	ResMed
PHORT	60601	ResMed - Ultra Mirage Full - Small Shallow	0	0	-	0	-	0	-	0	-	105.00	-	ResMed
PHORT	60602	ResMed - Ultra Mirage Full - Medium Standard	0	0	-	0	-	0	-	0	-	105.00	-	ResMed
PHORT	60603	ResMed - Ultra Mirage Full - Medium Shallow	0	0	-	0	-	0	-	0	-	105.00	-	ResMed
PHORT	60604	ResMed - Ultra Mirage Full - Large Standard	0	0	-	0	-	0	-	0	-	105.00	-	ResMed
PHORT	60605	ResMed - Ultra Mirage Full - Large Shallow	0	0	-	0	-	0	-	0	-	105.00	-	ResMed
PHORT	60922	ResMed - Vista Deep, Cushion only	0	0	-	0	-	0	-	0	-	14.00	-	ResMed
PHORT	61200	ResMed - Quattro Full Face- X-Small	1595	2	210.00	7	735.00	6	630.00	5	525.00	105.00	2,100.00	ResMed
PHORT	61201	ResMed - Quattro Full Face- Small	9606	6	630.00	3	315.00	25	2,625.00	2	210.00	105.00	3,780.00	ResMed
PHORT	61202	ResMed - Quattro Full Face- Medium	9067	13	1,365.00	15	1,575.00	48	5,040.00	11	1,155.00	105.00	9,135.00	ResMed
PHORT	61203	ResMed - Quattro Full Face- Large	2981	1	105.00	0	-	27	2,835.00	13	1,365.00	105.00	4,305.00	ResMed
PHORT	61290	ResMed - Quattro FF Cushion - X-Small	0	0	-	0	-	0	-	0	-	32.00	-	ResMed
PHORT	61291	ResMed - Quattro FF Cushion - Small	1	0	-	0	-	0	-	1	32.00	32.00	32.00	ResMed
PHORT	61292	ResMed - Quattro FF Cushion - Medium	3	0	-	0	-	0	-	3	96.00	32.00	96.00	ResMed
PHORT	61293	ResMed - Quattro FF Cushion - Large	0	0	-	0	-	0	-	0	-	32.00	-	ResMed
PHORT	61300	ResMed - Liberty Full Face - Small	849	2	210.00	2	210.00	4	420.00	1	105.00	105.00	945.00	ResMed
PHORT	61301	ResMed - Liberty Full Face - Large	636	0	105.00	0	-	5	525.00	0	-	105.00	630.00	ResMed
PHORT	61330	ResMed - Liberty Mouth Cushion - Small	0	0	-	0	-	0	-	0	-	21.00	-	ResMed
PHORT	61331	ResMed - Liberty Mouth Cushion - Large	0	0	-	0	-	0	-	0	-	21.00	-	ResMed
PHORT	61333	ResMed - Liberty Pillows - Small	0	0	-	0	-	0	-	0	-	8.00	-	ResMed
PHORT	61334	ResMed - Liberty Pillows - Medium	0	0	-	0	-	0	-	0	-	8.00	-	ResMed
PHORT	61335	ResMed - Liberty Pillows - Large	0	0	-	0	-	0	-	0	-	8.00	-	ResMed
PHORT	61500	ResMed - Mask	1906	10	750.00	8	600.00	7	525.00	6	450.00	75.00	2,325.00	ResMed
PHORT	62203B	Respironics - Tubing, 6 Ft, Standard Grey	0	0	-	0	-	0	-	0	-	3.60	-	Respironics
PHORT	900HC40		178	0	25	312.5	-	23	28.75	70	87.50	1.25	147.50	Fisher & Paykel
PHORT	900HC427	Fisher & Paykel - HC405A foam & seal cushion - Sm	0	0	-	0	-	0	-	0	-	14.00	-	Fisher & Paykel
PHORT	900HC428	Fisher & Paykel - HC405A foam & seal cushion - Lg	0	0	-	0	-	0	-	0	-	14.00	-	Fisher & Paykel
PHORT	DS100	Respironics - M-Series Core Package	0	0	-	0	-	0	-	0	-	260.00	-	Respironics
PHORT	DS150HS	Respironics - M-Series Core Package	0	0	-	0	-	0	-	0	-	289.00	-	Respironics
PHORT	DS200	Respironics - M-Series Core Package with Flex	0	0	-	0	-	0	-	0	-	325.00	-	Respironics
PHORT	DS200HS	Respironics - M-Series Core Package with Flex	308	1	307.00	0	-	0	-	0	-	307.00	-	Respironics
PHORT	DS250HS	Respironics - RemStar Pack w/SD Card	15012	28	9,100.00	2	650.00	16	5,200.00	16	5,200.00	325.00	20,150.00	Respironics
PHORT	DS400HS	Respironics - M-Series Core Package with Flex Smar	0	0	-	0	-	0	-	0	-	399.00	-	Respironics
PHORT	DS450HS	Respironics - M-Series Core Package with Flex Smar	1593	1	395.00	1	395.00	2	790.00	9	3,555.00	395.00	5,135.00	Respironics
PHORT	DS500S	Respironics - M-Series Auto w/Flex	0	0	-	0	-	0	-	0	-	520.00	-	Respironics
PHORT	DS510HS	Respironics - M-Series Auto w/A Flex	0	0	-	0	-	0	-	0	-	492.00	-	Respironics
PHORT	DS550HS	Respironics - RemStar Auto Core Pack	4710	2	940.00	5	2,350.00	3	1,410.00	0	-	470.00	4,700.00	Respironics
PHORT	DS700HS	Respironics - M-Series BPAP Auto w/B-Flex Core pa	0	0	-	0	-	0	-	0	-	915.00	-	Respironics
PHORT	DS750HS	Respironics - RemStar Auto Core Pack	2740	1	1,830.00	1	1,830.00	1	915.00	0	-	915.00	2,745.00	Respironics
PHORT	HC234HU	SleepStyle 234 CPAP with Compliance Data Storage	0	0	-	0	-	0	-	0	-	210.00	-	Fisher & Paykel
PHORT	HC300	Fisher & Paykel - HC300 water chamber	0	0	-	0	-	0	-	0	-	30.00	-	Fisher & Paykel
PHORT	HC325	Fisher & Paykel - HC325 water chamber	0	0	-	0	-	0	-	0	-	30.00	-	Fisher & Paykel
PHORT	HC385S	Fisher & Paykel - HC385 water chamber	199	20	160.00	0	-	0	-	19	152.00	8.00	312.00	Fisher & Paykel
PHORT	HC401A	Fisher & Paykel - Acclaim II Nasal Mask	0	0	-	0	-	0	-	0	-	30.00	-	Fisher & Paykel
PHORT	HC405A	Fisher & Paykel - Nasal Mask Standard size HC405A	249	2	60.00	0	-	6	180.00	1	30.00	30.00	270.00	Fisher & Paykel
PHORT	HC406A	Fisher & Paykel - Nasal Mask Petite Size HC406A	330	1	55.00	0	-	4	220.00	2	55.00	55.00	440.00	Fisher & Paykel
PHORT	HC407A	Fisher & Paykel - Nasal Mask Standard size HC407A	337	3	165.00	0	-	3	165.00	1	55.00	55.00	385.00	Fisher & Paykel
PHORT	HC431A	Fisher & Paykel - Full face mask HC431A	88	1	85.00	0	-	0	-	2	170.00	85.00	255.00	Fisher & Paykel
PHORT	HC432AL	Fisher & Paykel - Full face mask HC432 - Lrg	351	4	340.00	0	-	0	-	7	595.00	85.00	935.00	Fisher & Paykel
PHORT	HC432AM	Fisher & Paykel - Full face mask HC432 - Med	0	0	-	0	-	0	-	0	-	85.00	-	Fisher & Paykel
PHORT	HC432AS	Fisher & Paykel - Full face mask HC432 - Small	260	2	170.00	0	-	1	85.00	2	170.00	85.00	425.00	Fisher & Paykel
PHORT	HC452A	Fisher & Paykel - Oracle Oral appliance	1	0	-	0	-	0	-	1	85.00	85.00	85.00	Fisher & Paykel
PHORT	HC482A	Fisher & Paykel - Opus Nasal Pillows Mask	1182	0	440.00	0	495.00	4	220.00	6	330.00	55.00	1,485.00	Fisher & Paykel
PHORT	HY850	Innomed Hybrid Headgear	0	0	-	0	-	0	-	0	-	125.00	-	InnoMed
PHORT	HY8500	Innomed Hybrid Nasal Pillow/Oral Mask	1	0	-	0	-	0	-	1	125.00	125.00	125.00	InnoMed
PHORT	K2LG	InnoMed - Nasal Aire II - Nasal Pillows Mask- LG	0	0	-	0	-	0	-	0	-	-	-	
PHORT	K2MP	InnoMed - Nasal - Aire II - Nasal Pillows- Med	0	0	-	0	-	0	-	0	-	-	-	
PHORT	K2SM	InnoMed - Nasal - Aire II - Nasal Pillows- SM	0	0	-	0	-	0	-	0	-	-	-	
PHORT	TCF-142	Respironics - Solo/Virtuosio Ultraline filters-Disp	0	0	-	0	-	0	-	0	-	0.42	-	Roscoe
PHORT	TCF-145	Respironics - Solo/Virtuosio Ultraline filters-Disp	0	0	-	0	-	0	-	0	-	1.25	-	Roscoe
PHORT	TCF-146	Respironics - Solo/Virtuosio Ultraline filters-Disp	0	0	-	0	-	0	-	0	-	1.25	-	Roscoe
PHORT	TCF-149	Respironics - M-Series Ultraline filters-Disp	94139	164	89.78	220	76.16	156	50.04	79	26.88	0.34	255.82	Roscoe
PHORT	TCF-176	NPB - 420g disposable filter	0	0	-	0	-	0	-	0	-	2.50	-	Roscoe

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Warehouse	Code	Description	Actual On-hand	Scottsdale	Scottsdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
PHORT	TCF-242	Respironics - Solo/Virtuoso/Aria Non-Disposable F	0	0	-	0	-	0	-	0	-	2.39	-
PHORT	TCF-245	Respironics - RemStar Piller Non Disposable Filter	2	0	-	0	-	0	-	2	1.76	0.88	1.76
PHORT	TCF-247	Respironics - BiPAP Pro w/Flow Non Disposable	0	0	-	0	-	0	-	0	-	2.89	-
PHORT	TCF-249	Respironics - M-Series Non Disposable Filter	47.38	14	8.82	0	-	12	7.56	5	3.15	0.63	19.53
PHORT	TCF-276	NPB - 420g Foam Filter Non Disposable	0	0	-	0	-	0	-	0	-	0.90	-
PHORT	TCF-508	ResMed - 56 filters	0	0	-	0	-	0	-	0	-	0.59	-
PHORT	TCF-510	ResMed - 57 filters	0	0	-	0	-	0	-	0	-	0.50	-
PHORT	TCF-511	ResMed - 58 filters	244	98	49.00	0	-	0	-	97	48.50	0.50	97.50
PHORT	TMS-08	Tiara (Respironics) - Deluxe Chin Strap	0	0	-	0	-	0	-	0	-	9.95	-
PHORT	TMS-30345	Tiara - Snap V Direct Nasal Interface Mask	0	0	-	0	-	0	-	0	-	84.50	-
PHORT	TSB-10GLT	Tubing - 10 foot	0	0	-	0	-	0	-	0	-	3.95	-
PHORT	TSB-6GLT	Tubing, Standard 6 ft	137.45	8	23.60	0	-	23	67.85	15	44.25	2.95	135.70
PHORT	TSB-8GLT	Tubing - 8 foot	0	0	-	0	-	0	-	0	-	3.95	-
				29,417.98		17,714.41		56,748.55		24,024.87		127,905.81	

Tucson

Warehouse	Code	Description	Actual On-hand	Swan	Wilmot	Std.	Inventory Value
TUCRT	1002064	Respironics Softcap Headgear Med	0	0		22.47	0.00 Respironics
TUCRT	1002000	Respironics - Wired Data Modem	9	9		30.00	270.00 Respironics
TUCRT	100200W	Respironics - Wired Data Modem	0	0		30.00	0.00 Respironics
TUCRT	1002065	Respironics Softcap Headgear Large	0	0		-	0.00 Respironics
TUCRT	1002757	Respironics Simplicity Nasal - Small	0	0		65.00	0.00 Respironics
TUCRT	1002759	Respironics - Simplicity Nasal - Medium	0	0		65.00	0.00 Respironics
TUCRT	1003000	Respironics - Deluxe Headgear	0	0		9.00	0.00 Respironics
TUCRT	1003756	Respironics - M-Series Water Chamber R2B	0	0		17.50	0.00
TUCRT	1003757	Respironics - Profile Lite Nasal - Petite	0	0		17.50	0.00 Respironics
TUCRT	1004086	Respironics - Profile Lite Nasal - Small	1	1		55.00	55.00 Respironics
TUCRT	1004087	Respironics - Profile Lite Nasal - Medium/Small	4	4		55.00	220.00 Respironics
TUCRT	1004088	Respironics - Profile Lite Nasal - Medium	5	5		55.00	275.00 Respironics
TUCRT	1004089	Respironics - Profile Lite with headgear - Large	6	6		55.00	330.00 Respironics
TUCRT	1004111	Respironics - Profile Lite W/O headgear - Lg Narrow	0	0		55.00	0.00 Respironics
TUCRT	1004112	Respironics - Comfort Full - Medium	0	0		80.00	0.00
TUCRT	1004880	Respironics - Comfort Full - Small	2	2		80.00	160.00 Respironics
TUCRT	1004950	Respironics - Comfort Full - Large	0	0		80.00	0.00
TUCRT	1005792	Respironics - REMstar Heated Humidifier	0	0		-	0.00 Respironics
TUCRT	1007919	Respironics - Comfort Select Nasal - Small	4	4		50.00	200.00 Respironics
TUCRT	1007930	Respironics Comfort Select Nasal - Medium	5	5		50.00	250.00 Respironics
TUCRT	1007931	Respironics - Comfort Select Nasal - Small Wide	5	5		50.00	250.00 Respironics
TUCRT	1007935	Respironics - Comfort Select Nasal - Medium	0	0		50.00	0.00 Respironics
TUCRT	1007936	Respironics - Comfort Select Cushion - Small	0	0		50.00	0.00 Respironics
TUCRT	1007937	Respironics Comfort Select Nasal - Small Wide	0	0		50.00	0.00 Respironics
TUCRT	1007963	Respironics - Comfort Classic Nasal - Small	1	1		30.00	30.00 Respironics
TUCRT	1007964	Respironics - Comfort Classic Nasal - Med	6	6		30.00	180.00 Respironics
TUCRT	1009040	Respironics Comfort Gel mask and headgear - Petite	0	0		55.00	0.00 Respironics
TUCRT	1009041	Respironics Comfort Gel mask and headgear - Small	0	0		55.00	0.00 Respironics
TUCRT	1009042	Respironics Comfort Gel mask and headgear - Medium	0	0		55.00	0.00 Respironics
TUCRT	1009043	Respironics Comfort Gel mask and headgear - Large	0	0		55.00	0.00 Respironics
TUCRT	1009048	Respironics - Comfort Gel Cushion - Petite	0	0		17.00	0.00 Respironics
TUCRT	1009049	Respironics - Comfort Gel Cushion - Small	0	0		17.00	0.00 Respironics
TUCRT	1009050	Respironics - Comfort Gel Cushion - Med	0	0		17.00	0.00 Respironics
TUCRT	1009051	Respironics - Comfort Gel Cushion - LG	0	0		17.00	0.00 Respironics
TUCRT	1010641	Respironics Comfort Gel MASK ONLY - Large	0	0		55.00	0.00 Respironics
TUCRT	1012911	Respironics - Premium Chin Strap	0	0		10.00	0.00 Respironics
TUCRT	1017442	Respironics - RemStar BiPAP Auto Core package	0	0		-	0.00 Respironics
TUCRT	1019185	Respironics - Comfort Curve	0	0		95.00	0.00 Respironics
TUCRT	1021821	Respironics - Comfort Lite II Cushion - Large	0	0		18.00	0.00 Respironics
TUCRT	1021823	Respironics - Comfort Lite II Cushion - Medium	0	0		18.00	0.00 Respironics
TUCRT	1021830	Respironics - Comfort Lite II Cushion - Small	0	0		18.00	0.00 Respironics
TUCRT	1021835	Respironics - Comfort Lite II Cushion - Large	0	0		18.00	0.00 Respironics
TUCRT	1025533	Respironics - M-Series Replacement Water Chamber	0	0		17.50	0.00 Respironics
TUCRT	1030494	Respironics - Comfort Lite 2 - Small/Medium	0	0		0.00	0.00 Respironics

Warehouse	Code	Description	Actual On-hand	Scottdale	Scottdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
TUCRT	1030495	Respironics - Comfort Lite 2 - Medium/Large	0	0				60.00	0.00	Respironics			
TUCRT	1030502	Respironics - Comfort Lite 2 - Petite	0	0				60.00	0.00	Respironics			
TUCRT	1030503	Respironics - Comfort Lite II Pillow Repl. - Small	0	0				14.00	0.00	Respironics			
TUCRT	1030504	Respironics - Comfort Lite II Pillow Repl. - Med	0	0				14.00	0.00	Respironics			
TUCRT	1030505	Respironics - Comfort Lite II Pillow Repl. - Large	0	0				14.00	0.00	Respironics			
TUCRT	1031391	Respironics - Comfort Gel Cushion - Petite	0	0				22.00	0.00	Respironics			
TUCRT	1031392	Respironics - Comfort Gel Cushion - Small	0	0				22.00	0.00	Respironics			
TUCRT	1031403	Respironics - Comfort Gel Cushion - Medium	0	0				22.00	0.00	Respironics			
TUCRT	1031404	Respironics - Comfort Gel Cushion - Large	0	0				22.00	0.00	Respironics			
TUCRT	1032907	Respironics-Performance Tubing ultralight	0	0				6.00	0.00	Respironics			
TUCRT	1035162	Respironics- REMStar replacement water chamber	0	0				11.81	0.00	Respironics			
TUCRT	1036800	Respironics - Optifile Nasal pillow Mask - Kit	6	6				60.00	360.00	Respironics			
TUCRT	1036801	Respironics - Optifile Nasal pillow Mask - Kit	2	2				60.00	120.00	Respironics			
TUCRT	1036802	Respironics - Optifile Nasal pillow cradle cushion	5	5				60.00	300.00	Respironics			
TUCRT	1036838	Respironics - Optifile Pillow- Pet	0	0				14.00	0.00	Respironics			
TUCRT	1036839	Respironics - Optifile Pillow-Sm	0	0				14.00	0.00	Respironics			
TUCRT	1036840	Respironics - Optifile Pillow- Med	0	0				14.00	0.00	Respironics			
TUCRT	1036841	Respironics - Optifile Pillow- LG	0	0				14.00	0.00	Respironics			
TUCRT	1037688	Respironics - M-series Wired Modem	0	0				30.00	0.00	Respironics			
TUCRT	1040135	Respironics Comfort Gel FFM and Headgear - Sma	19	19				90.00	1,710.00	Respironics			
TUCRT	1040136	Respironics - Comfort Gel mask and headgear- Med	20	20				90.00	1,800.00	Respironics			
TUCRT	1040137	Respironics Comfort Gel FFM and Headgear - Large	20	20				90.00	1,800.00	Respironics			
TUCRT	1040716	Respironics - BiPAP autoSV Core Package	0	0				2,510.00	0.00	Respironics			
TUCRT	1040768	Respironics - Comfort Fusion Sm/Med Mask Kit	34	34				50.00	1,700.00	Respironics			
TUCRT	1040840	Respironics - Comfort Fusion Cushion & Ring - Small	0	0				50.00	0.00	Respironics			
TUCRT	1040841	Respironics - Comfort Fusion Cushion & Ring - Med	0	0				50.00	0.00	Respironics			
TUCRT	1042907	BiPAP autoSV Core Package	0	0				2,510.00	0.00	Respironics			
TUCRT	1043237	Respironics - SleepEasy with Humidifier	0	0				205.00	0.00	Respironics			
TUCRT	1047918	Full Life face mask with headgear- Medium	5	5				79.00	395.00	Respironics			
TUCRT	1047919	Full Life face mask with headgear- Small	5	5				79.00	395.00	Respironics			
TUCRT	1049109	Respironics - M-Series Heated Humidifier	3	3				-	0.00	Respironics			
TUCRT	1051158	Respironics - M-Series Heated Humid R3 Core PK	0	0				-	0.00	Respironics			
TUCRT	1056215	Respironics - M-Series Heated Humid R3 Core PK	47	47				-	0.00	Respironics			
TUCRT	1050001	Respironics - Easy Life Mask - Xsmall	11	11				50.00	550.00	Respironics			
TUCRT	1050002	Respironics - Easy Life Mask - Small	12	12				50.00	600.00	Respironics			
TUCRT	1050003	Respironics - Easy Life Mask - Medium	3	3				50.00	150.00	Respironics			
TUCRT	1050004	Respironics - Easy Life Mask- Large	3	3				50.00	150.00	Respironics			
TUCRT	1060801	FitLife Mask with headgear-Small	9	9				120.00	1,080.00	Respironics			
TUCRT	1060802	FitLife Mask with headgear-Medium	5	5				120.00	600.00	Respironics			
TUCRT	1070037	Respironics- Comfort Gel Blue Mask- Large	50	50				55.00	2,750.00	Respironics			
TUCRT	1070038	Respironics- Comfort Gel Blue Mask- Medium	26	26				55.00	1,430.00	Respironics			
TUCRT	1070039	Respironics- Comfort Gel Blue Mask- Small	35	35				55.00	1,925.00	Respironics			
TUCRT	1070040	Respironics- Comfort Gel Blue Mask- Petite	18	18				55.00	990.00	Respironics			
TUCRT	16015	ResMed - Chin Restraint	6	6				9.00	54.00	ResMed			
TUCRT	16333	ResMed - Mirage Micro - Small	5	5				60.00	300.00	ResMed			
TUCRT	16334	ResMed - Mirage Micro - Med and Large	12	12				60.00	720.00	ResMed			
TUCRT	16548	ResMed - Ultra Mirage II Nasal Mask - Standard	0	0				55.00	0.00	ResMed			
TUCRT	16549	ResMed - Ultra Mirage II Nasal Mask - Large	0	0				55.00	0.00	ResMed			
TUCRT	16550	ResMed - Ultra Mirage II Nasal Mask - Shallow	0	0				55.00	0.00	ResMed			
TUCRT	16556	ResMed - UM II Nasal Cushion - Standard	0	0				16.00	0.00	ResMed			
TUCRT	16557	ResMed - UM II Nasal Cushion - Large	0	0				16.00	0.00	ResMed			
TUCRT	16558	ResMed - UM II Nasal Cushion - Shallow	0	0				16.00	0.00	ResMed			
TUCRT	16577	ResMed - Ultra Mirage II Nasal Mask - Shallow Wide	0	0				55.00	0.00	ResMed			
TUCRT	16604	ResMed - Ult Mirage FF Cushion-Small Std	0	0				28.00	0.00	ResMed			
TUCRT	16605	ResMed - Ult Mirage FF Cushion-Medium Std	0	0				28.00	0.00	ResMed			
TUCRT	16606	ResMed - Ult Mirage FF Cushion-Large Std	0	0				28.00	0.00	ResMed			
TUCRT	16672	ResMed - Ult Mirage FF Cushion-Med Shallow	0	0				28.00	0.00	ResMed			
TUCRT	16673	ResMed - Ult Mirage FF Cushion-Large Shallow	0	0				28.00	0.00	ResMed			
TUCRT	16735	ResMed - Ult Mirage FF Cushion-Shallow Wide	0	0				28.00	0.00	ResMed			
TUCRT	19009	ResMed VPAP III - ST-A Bilevel device	0	0				0.00	0.00	ResMed			
TUCRT	22111	ResMed VPAP III - ST-A Bilevel device	0	0				0.00	0.00	ResMed			
TUCRT	24116	ResMed VPAP III - ST-A Bilevel device	0	0				0.00	0.00	ResMed			

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Warehouse	Code	Description	Actual On-hand	Scottdale	Scottdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
TUCRT	26008	ResMed VPAP Adapt SV - Bilevel device	0	0				-	0.00	ResMed			
TUCRT	26013	ResMed VPAP Adapt SV - Bilevel device	0	0			2,700.00		0.00	ResMed			
TUCRT	26201	ResMed VPAP Malibu - Bilevel device	0	0					0.00	ResMed			
TUCRT	26940		0	0			-		0.00				
TUCRT	26959		0	0			15.00		0.00				
TUCRT	30001	ResMed- S7 Autoset Spirit	0	0			-		0.00	ResMed			
TUCRT	30002	ResMed- S7 Elite	0	0			-		0.00	ResMed			
TUCRT	30011	ResMed- S7 Lightweight	0	0			-		0.00	ResMed			
TUCRT	302218	Respironics - Contour Nasal - Large	0	0					37.00	0.00	Respironics		
TUCRT	302328	Respironics - Simple Chin Strap	0	0				9.00	0.00	Respironics			
TUCRT	302425	Respironics - Deluxe Chin Strap	0	0				19.00	0.00	Respironics			
TUCRT	302465	Respironics Softcap Headgear Small	0	0			-		0.00	Respironics			
TUCRT	30902	ResMed Humidaire 2i heated humidifier	0	0			-		0.00	ResMed			
TUCRT	30951	ResMed - H2i replacement water chamber	0	0			22.50		0.00	ResMed			
TUCRT	33007	ResMed - S8 Escape	0	0			305.00		0.00	ResMed			
TUCRT	33021	ResMed - S8 Elite	0	0			305.00		0.00	ResMed			
TUCRT	33051	ResMed - S8 Escape II	0	0			305.00		0.00	ResMed			
TUCRT	33112	ResMed - S8 Autoset Vantage	-	0			-		0.00	ResMed			
TUCRT	33129	ResMed - S8 Autoset Vantage II	0	0			435.00		0.00	ResMed			
TUCRT	33906	ResMed Humidaire 3i heated humidifier	0	0			-		0.00	ResMed			
TUCRT	33957	ResMed - H3i replacement water chamber	0	0			22.50		0.00	ResMed			
TUCRT	400HC103	Fisher & Paykel - Lrg Cushion for HC431A	0	0			14.00		0.00	Fisher & Paykel			
TUCRT	400HC104	Fisher & Paykel - Med Cushion for HC431A	0	0			14.00		0.00	Fisher & Paykel			
TUCRT	400HC112	Fisher & Paykel - Small Cushion for HC431A	0	0			14.00		0.00	Fisher & Paykel			
TUCRT	400HC113	Fisher & Paykel - Small Cushion for HC432AS	0	0			14.00		0.00	Fisher & Paykel			
TUCRT	400HC114	Fisher & Paykel - Med Cushion for HC432AM	0	0			14.00		0.00	Fisher & Paykel			
TUCRT	400HC115	Fisher & Paykel - Lrg Cushion for HC432AL	0	0			14.00		0.00	Fisher & Paykel			
TUCRT	400HC116	Fisher & Paykel - Opus HC482 Repl. Pillow - Sm	0	0			11.00		0.00	Fisher & Paykel			
TUCRT	400HC117	Fisher & Paykel - Opus HC482 Repl. Pillow - Med	0	0			11.00		0.00	Fisher & Paykel			
TUCRT	400HC118	Fisher & Paykel - Opus HC482 Repl. Pillow - Lrg	0	0			11.00		0.00	Fisher & Paykel			
TUCRT	400HC301	Fisher & Paykel - Cushion/Seal for HC407 - 1 size	0	0			14.00		0.00	Fisher & Paykel			
TUCRT	400HC509	Fisher & Paykel - Cushion/Seal for HC406 - 1 size	0	0			14.00		0.00	Fisher & Paykel			
TUCRT	60000	ResMed - Mirage Vista - Standard nasal	0	0			59.00		0.00	ResMed			
TUCRT	60001	ResMed - Mirage Vista - nasal	0	0			59.00		0.00	ResMed			
TUCRT	60100	ResMed - Mirage Activa - Standard nasal	0	0			65.00		0.00	ResMed			
TUCRT	60101	ResMed - Mirage Activa - Large nasal	0	0			65.00		0.00	ResMed			
TUCRT	60102	ResMed - Mirage Activa - Shallow nasal	0	0			65.00		0.00	ResMed			
TUCRT	60117	ResMed Activa replacement cushion - Standard	0	0			19.00		0.00	ResMed			
TUCRT	60118	ResMed Activa replacement cushion - Large	0	0			19.00		0.00	ResMed			
TUCRT	60119	ResMed Activa replacement cushion - Shallow	0	0			19.00		0.00	ResMed			
TUCRT	60512	ResMed - Swift II Nasal pillow Mask - Kit	22	22			74.00	1,628.00	0.00	ResMed			
TUCRT	60520	ResMed - Swift Pillow sleeve - Small	0	0			14.00		0.00	ResMed			
TUCRT	60521	ResMed - Swift Pillow sleeve - Medium	0	0			14.00		0.00	ResMed			
TUCRT	60522	ResMed - Swift Pillow sleeve - Large	0	0			14.00		0.00	ResMed			
TUCRT	60588	ResMed - Swift LT Nasal for Her	26	26			65.00	1,690.00	0.00	ResMed			
TUCRT	60541	ResMed - Swift 2 Pillow sleeve - Small	0	0			14.00		0.00	ResMed			
TUCRT	60542	ResMed - Swift 2 Pillow sleeve - Medium	0	0			14.00		0.00	ResMed			
TUCRT	60543	ResMed - Swift 2 Pillow sleeve - Large	0	0			14.00		0.00	ResMed			
TUCRT	60560	ResMed - Swift LT Nasal Pillow System	42	42			65.00	2,730.00	0.00	ResMed			
TUCRT	60601	ResMed - Ultra Mirage Full - Small Shallow	0	0			105.00		0.00	ResMed			
TUCRT	60602	ResMed - Ultra Mirage Full - Medium Standard	0	0			105.00		0.00	ResMed			
TUCRT	60603	ResMed - Ultra Mirage Full - Medium Shallow	0	0			105.00		0.00	ResMed			
TUCRT	60604	ResMed - Ultra Mirage Full - Large Standard	0	0			105.00		0.00	ResMed			
TUCRT	60605	ResMed - Ultra Mirage Full - Large Shallow	0	0			105.00		0.00	ResMed			
TUCRT	60922	ResMed - Vista Deep, Cushion only	0	0			14.00		0.00	ResMed			
TUCRT	61200	ResMed - Quattro Full Face- X-Small	5	5			105.00	525.00	0.00	ResMed			
TUCRT	61201	ResMed - Quattro Full Face- Small	19	19			105.00	1,995.00	0.00	ResMed			
TUCRT	61202	ResMed - Quattro Full Face- Medium	37	37			105.00	3,885.00	0.00	ResMed			
TUCRT	61203	ResMed - Quattro Full Face- Large	39	39			105.00	4,095.00	0.00	ResMed			
TUCRT	61290	ResMed - Quattro FF Cushion - Small	0	0			32.00		0.00	ResMed			
TUCRT	61291	ResMed - Quattro FF Cushion - Medium	0	0			32.00		0.00	ResMed			
TUCRT	61292	ResMed - Quattro FF Cushion - Large	0	0			32.00		0.00	ResMed			

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Warehouse	Code	Description	Actual On-hand	Scottdale	Scottdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
TUCRT	61300	ResMed - Liberty Full Face - Small	8	8				105.00	840.00	ResMed			
TUCRT	61301	ResMed - Liberty Full Face - Large	12	12				105.00	1,260.00	ResMed			
TUCRT	61330	ResMed - Liberty Mouth Cushion - Small	0	0				21.00	0.00	ResMed			
TUCRT	61331	ResMed - Liberty Mouth Cushion - Large	0	0				21.00	0.00	ResMed			
TUCRT	61333	ResMed - Liberty Pillows - Small	0	0				8.00	0.00	ResMed			
TUCRT	61334	ResMed - Liberty Pillows - Medium	0	0				8.00	0.00	ResMed			
TUCRT	61335	ResMed - Liberty Pillows - Large	0	0				8.00	0.00	ResMed			
TUCRT	622038	Respironics - Tubing, 6 ft, Standard Grey	0	0				3.60	0.00	Respironics			
TUCRT	900HC427	Fisher & Paykel - HC405A foam & seal cushion - 5m	0	0				14.00	0.00	Fisher & Paykel			
TUCRT	900HC428	Fisher & Paykel - HC405A foam & seal cushion - 1g	0	0				14.00	0.00	Fisher & Paykel			
TUCRT	DS100	Respironics - M-Series Core Package	0	0				260.00	0.00	Respironics			
TUCRT	DS200	Respironics - M-Series Core Package with Flex	0	0				325.00	0.00	Respironics			
TUCRT	DS200HS		0	0				307.00	0.00				
TUCRT	DS200S	Respironics - M-Series Core w/Flex and Smartcard	0	0				291.65	0.00	Respironics			
TUCRT	DS250HS	Respironics - Rem Star Pack w/SD Card	26	26				325.00	8,450.00	Respironics			
TUCRT	DS550S	Respironics - M-Series Auto w/Flex	0	0				520.00	0.00	Respironics			
TUCRT	DS510HS	Respironics - M-Series Auto w/Bi-Flex	7	7				492.00	0.00	Respironics			
TUCRT	DS550HS	Respironics - RemStar Auto Core Pack	7	7				470.00	3,290.00	Respironics			
TUCRT	DS700HS	Respironics - M-Series BiPAP Auto w/Bi-Flex Core pa	0	0				915.00	0.00	Respironics			
TUCRT	DS700S	Respironics - M-Series BiPAP Auto w/Bi-Flex	0	0				915.00	0.00	Respironics			
TUCRT	DS750HS	Respironics - RemStar Auto Core Pack	14	14				915.00	12,810.00	Respironics			
TUCRT	HC234IHU	SleepStyle 234 CPAP with Compliance Data Storage	0	0				210.00	0.00				
TUCRT	HC300	Fisher & Paykel - HC300 water chamber	0	0				30.00	0.00	Fisher & Paykel			
TUCRT	HC325	Fisher & Paykel - HC325 water chamber	0	0				30.00	0.00	Fisher & Paykel			
TUCRT	HC385S	Fisher & Paykel - HC385 water chamber	0	0				8.00	0.00	Fisher & Paykel			
TUCRT	HC401A	Fisher & Paykel - Acclaim II Nasal Mask	0	0				30.00	0.00	Fisher & Paykel			
TUCRT	HC405A	Fisher & Paykel - Nasal Mask Standard size HC405A	1	1				30.00	30.00	Fisher & Paykel			
TUCRT	HC406A	Fisher & Paykel - Nasal Mask Petite Size HC406A	1	1				55.00	55.00	Fisher & Paykel			
TUCRT	HC407A	Fisher & Paykel - Nasal Mask Standard size HC407A	1	1				55.00	55.00	Fisher & Paykel			
TUCRT	HC431A	Fisher & Paykel - Full face mask HC431A	0	0				85.00	0.00	Fisher & Paykel			
TUCRT	HC432AL	Fisher & Paykel - Full face mask HC432 - Lg	0	0				85.00	0.00	Fisher & Paykel			
TUCRT	HC432AM	Fisher & Paykel - Full face mask HC432 - Med	1	1				85.00	85.00	Fisher & Paykel			
TUCRT	HC432AS	Fisher & Paykel - Full face mask HC432 - Small	3	3				85.00	255.00	Fisher & Paykel			
TUCRT	HC452A	Fisher & Paykel - Oracle Oral appliance	1	1				85.00	85.00	Fisher & Paykel			
TUCRT	HC482A	Fisher & Paykel - Opus Nasal Pillows Mask	3	3				55.00	165.00	Fisher & Paykel			
TUCRT	HY8500	Innomed Hybrid Nasal Pillow/Oral Mask	0	0				125.00	0.00	Fisher & Paykel			
TUCRT	K2LG	InnoMed - Nasal Aire II - Nasal Pillows Mask- LG	0	0				-	0.00				
TUCRT	K2MP	InnoMed - Nasal - Aire II - Nasal Pillows- Med	0	0				-	0.00				
TUCRT	K2SM	InnoMed - Nasal - Aire II - Nasal Pillows- SM	0	0				-	0.00				
TUCRT	TCF-142	Respironics - Solo/Virtuoso Ultrafine filters-Disp	0	0				0.42	0.00	Roscoe			
TUCRT	TCF-145	Respironics - Remstar-Ultra fine filters Disp	0	0				1.25	0.00	Roscoe			
TUCRT	TCF-147	Respironics - BiPap Pro/Plus Ultrafine filter-Disp	0	0				1.29	0.00	Roscoe			
TUCRT	TCF-149	Respironics - M-series Ultra fine filters Disp.	0	0				0.34	0.00	Roscoe			
TUCRT	TCF-176	NPB - 420g disposable filter	0	0				2.50	0.00	Roscoe			
TUCRT	TCF-242	Respironics - Solo/Virtuoso/Aria Non-Disposable F	0	0				2.39	0.00	Roscoe			
TUCRT	TCF-245	Respironics - Remstar Pollen Non Disposable Filter	0	0				0.88	0.00	Roscoe			
TUCRT	TCF-247	Respironics - BiPap Pro w/Bi-Flex- Non Disposable	0	0				2.89	0.00	Roscoe			
TUCRT	TCF-249	Respironics - M-Series Non Disposable Filter	0	0				0.63	0.00	Roscoe			
TUCRT	TCF-276	NPB - 420g Foam filter Non Disposable	0	0				0.90	0.00	Roscoe			
TUCRT	TCF-508	ResMed - 56 filters	0	0				0.59	0.00	Roscoe			
TUCRT	TCF-510	ResMed - 57 filters	0	0				0.50	0.00	Roscoe			
TUCRT	TCF-511	ResMed - 58 filters	0	0				0.50	0.00	Roscoe			
TUCRT	TMS-98	Tiara (Respironics) - Deluxe Chin Strap	12	12				9.95	119.40	Respironics			
TUCRT	TMS-3034S	Tiara - Snapp X Direct Nasal Interface Mask	0	0				84.50	0.00				
TUCRT	TSB-10GLT	Tubing - 10 foot	0	0				3.95	0.00				
TUCRT	TSB-6GLT	Tubing, Standard 6 ft	0	0				2.95	0.00	Roscoe			
TUCRT	TSB-8GLT	Tubing - 8 foot	0	0				3.95	0.00				
66,146.40													

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PP 1002800 Respironics - Deluxe Headgear

Actual On-hand

Scottdale

Scottdale Value

Central

Central Value

Mesa

Mesa Value

Estrella

Estrella Value

Std.

Inventory Value

Warehouse	Code	Description	Actual On-hand	Scottsdale	Scottsdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
	1003756		135					17.50	2,362.50	Respirronics			
	1003757		27					17.50	472.50	Respirronics			
PP	1004086	Respirronics - Profile Lite Nasal - Petite						55.00	165.00	Respirronics			
	1004087	Respirronics - Profile Lite Nasal - Small	4					55.00	220.00	Respirronics			
PP	1004088	Respirronics - Profile Lite Nasal - Medium/Small	4					55.00	220.00	Respirronics			
PP	1004089	Respirronics - Profile Lite Nasal - Medium	2					55.00	110.00	Respirronics			
PP	1004111	Respirronics - Profile Lite with headgear - Large	1					55.00	55.00	Respirronics			
PP	1004872	Respirronics - Comfort Full - Medium	0					80.00	-	Respirronics			
PP	1004880	Respirronics - Comfort Full - Small	6					80.00	480.00	Respirronics			
PP	1004950	Respirronics - Comfort Full - Large	0					80.00		Respirronics			
	1007919	Respirronics - Comfort Select Nasal - Medium	16					50.00	800.00	Respirronics			
PP	1007930	Respirronics Comfort Select Nasal - Small	2					50.00	100.00	Respirronics			
PP	1007931	Respirronics - Comfort Select Nasal - Small Wide	1					50.00	50.00	Respirronics			
PP	1007935	Respirronics - Comfort Select Nasal - Medium	21					50.00	1,050.00	Respirronics			
PP	1007936	Respirronics - Comfort Select Cushion - Small	8					50.00	400.00	Respirronics			
PP	1007937	Respirronics Comfort Select Nasal - Small Wide	14					50.00	700.00	Respirronics			
PP	1007963	Respirronics - Comfort Classic Nasal - Small	4					30.00	120.00	Respirronics			
PP	1007964	Respirronics - Comfort Classic Nasal - Med	1					30.00	30.00	Respirronics			
	1008619	RemStar Water Chamber	0					17.50	-				
PP	1009040	Respirronics Comfort Gel mask and headgear - Petite	23					55.00	1,265.00	Respirronics			
PP	1009041	Respirronics Comfort Gel mask and headgear - Small	77					55.00	4,235.00	Respirronics			
PP	1009042	Respirronics Comfort Gel mask and headgear - Medium	71					55.00	3,905.00	Respirronics			
PP	1009043	Respirronics Comfort Gel mask and headgear - Large	97					55.00	5,335.00	Respirronics			
PP	1009048	Respirronics - Comfort Gel Cushion - Petite	11					17.00	187.00	Respirronics			
PP	1009049	Respirronics - Comfort Gel Cushion - Small	6					17.00	102.00	Respirronics			
PP	1009050	Respirronics - Comfort Gel Cushion - Med	0					17.00	-	Respirronics			
PP	1009051	Respirronics - Comfort Gel Cushion - LG	10					17.00	170.00	Respirronics			
PP	1012911	Respirronics - Premium Chin Strap	26					10.00	260.00	Respirronics			
PP	1019185	Respirronics - Comfort Curve	1					95.00	95.00	Respirronics			
	1021821	Respirronics - Comfort Lite II Cushion - Large	8					18.00	144.00	Respirronics			
PP	1021823	Respirronics - Comfort Lite II Cushion - Medium	8					18.00	144.00	Respirronics			
PP	1021830	Respirronics - Comfort Lite II Cushion - Small	10					18.00	180.00	Respirronics			
PP	1021835	Respirronics - Comfort Lite II Cushion - Petite	5					18.00	90.00	Respirronics			
PP	1029533	Respirronics - M-Series Replacement water chamber	0					17.50	-	Respirronics			
	1030493		2					60.00	120.00	Respirronics			
PP	1030494	Respirronics - Comfort Lite 2 - Small/Medium	3					60.00	180.00	Respirronics			
PP	1030495	Respirronics - Comfort Lite 2 - Medium/Large	3					60.00	180.00	Respirronics			
PP	1030502	Respirronics - Comfort Lite 2 - Petite	0					60.00		Respirronics			
PP	1030503	Respirronics - Comfort Lite II Pillow Repl. - Small	7					14.00	98.00	Respirronics			
PP	1030504	Respirronics - Comfort Lite II Pillow Repl. - Med	4					14.00	56.00	Respirronics			
PP	1030505	Respirronics - Comfort Lite II Pillow Repl. - Large	5					14.00	70.00	Respirronics			
PP	1031391	Respirronics - Comfort Gel Cushion - Petite	6					22.00	132.00	Respirronics			
PP	1031392	Respirronics - Comfort Gel Cushion - Small	4					22.00	88.00	Respirronics			
PP	1031403	Respirronics - Comfort Gel Cushion - Medium	4					22.00	88.00	Respirronics			
PP	1031404	Respirronics - Comfort Gel Cushion - Large	10					22.00	220.00	Respirronics			
PP	1031207	Respirronics-Performance Tubing ultralight	11					6.00	66.00	Respirronics			
PP	1035162	Respirronics - REMStar replacement water chamber	8					11.81	94.48	Respirronics			
PP	1036800	Respirronics - Optifile Nasal pillow Mask - Kit	24					60.00	1,440.00	Respirronics			
PP	1036801	Respirronics - Optifile Nasal pillow cradle cushion	24					60.00	1,440.00	Respirronics			
PP	1036802	Respirronics - Optifile Nasal pillow cradle cushion	22					60.00	1,320.00	Respirronics			
PP	1036838	Respirronics - Optifile Pillow - Pet	4					14.00	56.00	Respirronics			
PP	1036839	Respirronics - Optifile Pillow - Sm	5					14.00	70.00	Respirronics			
PP	1036840	Respirronics - Optifile Pillow - Med	1					14.00	14.00	Respirronics			
PP	1036841	Respirronics - Optifile Pillow - LG	6					14.00	84.00	Respirronics			
PP	1036846	Respirronics - Optifile Repl. Pillow - Petite	5					33.25	166.25	Respirronics			
PP	1036847	Respirronics - Optifile Repl. Pillow - Small	4					38.00	152.00	Respirronics			
PP	1036848	Respirronics - Optifile Repl. Pillow - Med	5					38.00	190.00	Respirronics			
PP	1036849	Respirronics - Optifile Repl. Pillow - Lrg	5					38.00	190.00	Respirronics			
PP	1040135	Respirronics Comfort Gel mask and headgear - Small	5					90.00	450.00	Respirronics			
PP	1040136	Respirronics Comfort Gel mask and headgear - Medium	4					90.00	360.00	Respirronics			
PP	1040137	Respirronics - Comfort Fusion Stry/med Mask Kit	26					50.00	1,300.00	Respirronics			
PP	1040840	Respirronics - Comfort Fusion Cushion & Ring - Small						0.00	0.00	Respirronics			

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Warehouse	Code	Description	Actual On-hand	Scottsdale	Scottsdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
PP	1040841	Resprionics - Comfort Fusion Cushion & Ring - Med	10					50.00	500.00	Resprionics			
PP	14987	ResMed - TUBING, CLEAR-GRAY RIBBED	9					4.95	44.55	ResMed			
PP	16015		4					9.00	36.00	ResMed			
PP	16333	ResMed - Mirage Micro - Small	1					60.00	60.00	ResMed			
PP	16334	ResMed - Mirage Micro - Med and Large	1					60.00	-	ResMed			
PP	16335	ResMed - Mirage Micro - Large / Wide	0					60.00	240.00	ResMed			
PP	16388	ResMed - Mirage Micro Cush - SM	2					19.00	38.00	ResMed			
PP	16389	ResMed - Mirage Micro Cush - Med	12					19.00	228.00	ResMed			
PP	16390	ResMed - Mirage Micro Cush - Lrg	12					19.00	228.00	ResMed			
PP	16391	ResMed - Mirage Micro Cush - Lrg Wide	3					19.00	57.00	ResMed			
PP	16392	ResMed - Mirage Micro Cush - Extra Lrg Wide	3					19.00	57.00	ResMed			
PP	16548	ResMed - Ultra Mirage II Nasal Mask - Standard	0					55.00	-	ResMed			
PP	16549	ResMed - Ultra Mirage II Nasal Mask - Large	0					55.00	-	ResMed			
PP	16550	ResMed - Ultra Mirage II Nasal Mask - Shallow	1					55.00	55.00	ResMed			
PP	16556	ResMed - UM II Nasal Cushion - Standard	9					16.00	144.00	ResMed			
PP	16557	ResMed - UM II Nasal Cushion - Large	8					16.00	128.00	ResMed			
PP	16558	ResMed - UM II Nasal Cushion - Shallow	3					16.00	80.00	ResMed			
PP	16577	ResMed - Ultra Mirage II Nasal Mask - Shallow Wide	1					55.00	55.00	ResMed			
PP	16604	ResMed - Ult Mirage FF Cushion-Small Std	3					28.00	84.00	ResMed			
PP	16605	ResMed - Ult Mirage FF Cushion-Medium Std	5					28.00	140.00	ResMed			
PP	16606	ResMed - Ult Mirage FF Cushion-Large Std	4					28.00	112.00	ResMed			
PP	16672	ResMed - Ult Mirage FF Cushion-Med Shallow	4					28.00	112.00	ResMed			
PP	16673	ResMed - Ult Mirage FF Cushion-Large Shallow	3					28.00	84.00	ResMed			
PP	16735	ResMed - Ult Mirage FF Cushion-Shallow Wide	5					28.00	140.00	ResMed			
PP	26926		6										
PP	26952		0					14.00	-	ResMed			
PP	26959	ResMed - H4i Upgrade Water Chamber Kit	0					15.00	-	ResMed			
PP	302218	Resprionics - Contour Nasal - Large	1					37.00	37.00	Resprionics			
PP	302328	Resprionics - Simple Chin Strap	0					9.00	-	Resprionics			
PP	302425	Resprionics - Deluxe Chin Strap	5					19.00	95.00	Resprionics			
PP	33951	ResMed - H2i replacement water chamber	0					22.50		ResMed			
PP	33957	ResMed - H3i replacement water chamber	102					22.50	2,295.00	ResMed			
PP	33963	ResMed - Tubing Wrap	1					5.85	5.85	ResMed			
PP	34901	ResMed - C-Series Water Chamber	2					8.99	17.98	ResMed			
PP	400HC103	Fisher & Paykel - Lrg Cushion for HC431A	0					14.00	-	Fisher & Paykel			
PP	400HC104	Fisher & Paykel - Med Cushion for HC431A	1					14.00	14.00	Fisher & Paykel			
PP	400HC112	Fisher & Paykel - Small Cushion for HC431A	1					14.00	14.00	Fisher & Paykel			
PP	400HC113	Fisher & Paykel - Small Cushion for HC432AS	10					14.00	140.00	Fisher & Paykel			
PP	400HC114	Fisher & Paykel - Med Cushion for HC432AAM	11					14.00	154.00	Fisher & Paykel			
PP	400HC115	Fisher & Paykel - Lrg Cushion for HC432AL	9					14.00	126.00	Fisher & Paykel			
PP	400HC116	Fisher & Paykel - Opus HC482 Repl. Pillow - Sm	6					11.00	66.00	Fisher & Paykel			
PP	400HC117	Fisher & Paykel - Opus HC482 Repl. Pillow - Med	4					11.00	44.00	Fisher & Paykel			
PP	400HC118	Fisher & Paykel - Opus HC482 Repl. Pillow - Lrg	10					11.00	110.00	Fisher & Paykel			
PP	400HC501	Fisher & Paykel - Cushion/Seal for HC407 - 1 size	2					14.00	28.00	Fisher & Paykel			
PP	400HC509	Fisher & Paykel - Cushion/Seal for HC406 - 1 size	5					14.00	70.00	Fisher & Paykel			
PP	60000	ResMed - Mirage Vista - Standard nasal	0					59.00		ResMed			
PP	60001	ResMed - Mirage Vista - nasal	3					59.00	177.00	ResMed			
PP	60100	ResMed - Mirage Activa - Standard nasal	0					65.00	-	ResMed			
PP	60101	ResMed - Mirage Activa - Large nasal	0					65.00	-	ResMed			
PP	60102	ResMed - Mirage Activa - Shallow nasal	2					65.00	130.00	ResMed			
PP	60117	ResMed Activa replacement cushion - Standard	6					19.00	114.00	ResMed			
PP	60118	ResMed Activa replacement cushion - Large	17					19.00	323.00	ResMed			
PP	60119	ResMed Activa replacement cushion - Shallow	6					19.00	114.00	ResMed			
PP	60149		1					49.95	49.95	ResMed			
PP	60512	ResMed - Swift II Nasal pillow Mask - Kit	1					74.00	74.00	ResMed			
PP	60520	ResMed - Swift Pillow sleeve - Small	0					14.00	-	ResMed			
PP	60521	ResMed - Swift Pillow sleeve - Medium	0					14.00	-	ResMed			
PP	60522	ResMed - Swift Pillow sleeve - Large	0					14.00	-	ResMed			
PP	60541	ResMed - Swift 2 Pillow sleeve - Small	3					14.00	42.00	ResMed			
PP	60542	ResMed - Swift 2 Pillow sleeve - Medium	0					14.00	-	ResMed			
PP	60550	ResMed - Swift LT Nasal Pillow System	0					65.00	-	ResMed			
PP	60571	ResMed - Swift LT Pillow sleeve - Small	0					14.00	-	ResMed			

Warehouse	Code	Description	Actual On-hand	Scottsdale	Scottsdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
	60572	ResMed - Swift LT Pillow sleeve - Med	1					12.00	12.00	ResMed			
	60573	ResMed - Swift LT Pillow sleeve - Lrg	5					12.00	60.00	ResMed			
	60588		0					65.00		ResMed			
PP	60600	ResMed - Ultra Mirage Full - Small Standard	1					105.00	105.00	ResMed			
PP	60601	ResMed - Ultra Mirage Full - Small Shallow	4					105.00	420.00	ResMed			
PP	60602	ResMed - Ultra Mirage Full - Medium Standard	2					105.00	210.00	ResMed			
PP	60603	ResMed - Ultra Mirage Full - Medium Shallow	1					105.00	105.00	ResMed			
PP	60604	ResMed - Ultra Mirage Full - Large Standard	2					105.00	210.00	ResMed			
PP	60605	ResMed - Ultra Mirage Full - Large Shallow	0					105.00		ResMed			
PP	60922	ResMed - Vista Deep, Cushion only	4					14.00	56.00	ResMed			
PP	61200	ResMed - Quattro Full Face- X-Small	4					105.00	-	ResMed			
PP	61201	ResMed - Quattro Full Face- Small	0					105.00	-	ResMed			
PP	61202	ResMed - Quattro Full Face- Medium	0					105.00	-	ResMed			
PP	61203	ResMed - Quattro Full Face- Large	0					105.00	-	ResMed			
PP	61290	ResMed - Quattro FF Cushion - X-Small	19					32.00	608.00	ResMed			
PP	61291	ResMed - Quattro FF Cushion - Small	61					32.00	1,952.00	ResMed			
PP	61292	ResMed - Quattro FF Cushion - Medium	23					32.00	736.00	ResMed			
PP	61293	ResMed - Quattro FF Cushion - Large	55					32.00	1,760.00	ResMed			
PP	61300	ResMed - Liberty Full Face - Small	0					105.00	-	ResMed			
PP	61301	ResMed - Liberty Full Face - Large	0					105.00	-	ResMed			
PP	61330	ResMed - Liberty Mouth Cushion - Small	11					21.00	231.00	ResMed			
PP	61331	ResMed - Liberty Mouth Cushion - Large	7					21.00	147.00	ResMed			
PP	61333	ResMed - Liberty Pillows - Small	10					8.00	80.00	ResMed			
PP	61334	ResMed - Liberty Pillows - Medium	5					8.00	40.00	ResMed			
PP	61335	ResMed - Liberty Pillows - Large	8					8.00	64.00	ResMed			
PP	622038		0					3.60	-				
PP	900HC228		4					1.25	5.00	Fisher & Paykel			
PP	900HC240		98					1.25	122.50	Fisher & Paykel			
PP	900HC427	Fisher & Paykel - HC405A foam & seal cushion - Sm	0					14.00	-	Fisher & Paykel			
PP	900HC428	Fisher & Paykel - HC405A foam & seal cushion - Lg	0					14.00	-	Fisher & Paykel			
PP	900HC439		4										
PP	900HC522		4					35.00	140.00	Fisher & Paykel			
PP	HC300	Fisher & Paykel - HC300 water chamber	1					30.00	30.00	Fisher & Paykel			
PP	HC325	Fisher & Paykel - HC325 water chamber	16					30.00	480.00	Fisher & Paykel			
PP	HC3655	Fisher & Paykel - HC365 water chamber	8					8.00	64.00	Fisher & Paykel			
PP	HC3855	Fisher & Paykel - HC385 water chamber	7					8.00	56.00	Fisher & Paykel			
PP	HC401A	Fisher & Paykel - Acclaim II Nasal Mask	1					30.00	30.00	Fisher & Paykel			
PP	HC405A	Fisher & Paykel - Nasal Mask Standard size HC405A	0					30.00	-	Fisher & Paykel			
PP	HC406A	Fisher & Paykel - Nasal Mask Petite Size HC406A	6					55.00	330.00	Fisher & Paykel			
PP	HC407A	Fisher & Paykel - Nasal Mask Standard size HC407A	50					55.00	2,750.00	Fisher & Paykel			
PP	HC431A	Fisher & Paykel - Full face mask HC431A	5					85.00	425.00	Fisher & Paykel			
PP	HC432AL	Fisher & Paykel - Full face mask HC432 - Lrg	1					85.00	85.00	Fisher & Paykel			
PP	HC432AM	Fisher & Paykel - Full face mask HC432 - Med	3					85.00	255.00	Fisher & Paykel			
PP	HC432AS	Fisher & Paykel - Full face mask HC432 - Small	1					85.00	85.00	Fisher & Paykel			
PP	HC432A	Fisher & Paykel - Oracle Oral appliance	2					85.00	170.00	Fisher & Paykel			
PP	HC482A	Fisher & Paykel - Opus Nasal Pillows Mask	15					55.00	825.00	Fisher & Paykel			
PP	HY8500	Innomed Hybrid Nasal Pillow/Oral Mask	0					125.00	-	Fisher & Paykel			
PP	K2LG	InnoMed - Nasal Aire II - Nasal Pillows Mask- LG	4					-	-				
PP	K2MP	InnoMed - Nasal - Aire II - Nasal Pillows- Med	0					-	-				
PP	K2SM	InnoMed - Nasal - Aire II - Nasal Pillows- SM	1					-	-				
PP	TCF-142	Respironics - Solo/Virtuosio Ultrafine filters-Disp	4					0.42	1.68	Roscoe			
PP	TCF-145	Respironics - Remstar-Ultra fine filters Disp	144					1.25	180.00	Roscoe			
PP	TCF-147	Respironics - BiPap Pro/Plus Ultrafine filter-Disp	9					1.29	11.61	Roscoe			
PP	TCF-149	Respironics - M-series Ultra fine filters Disp.	1478					0.34	502.52	Roscoe			
PP	TCF-176	NPB - 420g disposable filter	16					2.50	40.00	Roscoe			
PP	TCF-242	Respironics - Solo/Virtuosio/Aria Non-Disposable F	35					2.39	83.65	Roscoe			
PP	TCF-245	Respironics - RemStar Pollen Non Disposable Filter	297					0.88	261.36	Roscoe			
PP	TCF-247	Respironics - BiPap Pro w/Bi Flex- Non Disposable	11					2.89	31.79	Roscoe			
PP	TCF-249	Respironics - M- Series Non Disposable Filter	2195					0.63	1,382.85	Roscoe			
PP	TCF-276	Respironics - Solo/Pro Filter Non Disposable	2					0.90	1.80	Roscoe			
PP	TCF-277	Respironics - Solo/Pro Filter Non Disposable	30					0.50	15.00	Roscoe			
PP	TCF-511	ResMed - S7 filters	0					0.50	395.00	Roscoe			

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Warehouse	Code	Description	Actual On-hand	Scottsdale	Scottsdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
PP	TMS-08	Tiara (Respironics) - Deluxe Chin Strap	2					9.95	19.90	Roscoe			
PP	TMS-30345	Tiara - Snugg-X Direct Nasal Interface Mask	3					84.50	253.50	Roscoe			
PP	TSB-10GLT	Tubing - 10 foot	20					3.95	79.00	Roscoe			
PP	TSB-2GLT	Tubing - 2 foot	0					2.95	-	Roscoe			
PP	TSB-6GLT	Tubing, Standard 6 ft	671					2.95	1,979.45	Roscoe			
PP	TSB-8GLT	Tubing - 8 foot	19					3.95	75.05	Roscoe			
PP	Y-101400-00	NPB - Breeze Nasal pillow apparatus	9					75.00	675.00	Other			
PP	Y-261000-27		0										

61,919.90

Texas	Warehouse	Code	Description	Actual On-hand	Richardson	Richardson Value	Arlington	Arlington Value	Std.	Inventory Value
		100200C	Respironics-Modern		-	-	-	-	120.00	0.0
		100200W	Respironics-Modern		-	-	-	-	30.00	0.0
		100200D	Respironics-Modern		0	-	-	-	30.00	0.0
TXRT		1002064	Respironics Softcap Headgear Med	0	0	-	0	-	22.47	0.0 Respironics
TXRT		1002065	Respironics Softcap Headgear Large	0	0	-	0	-	0.0	Respironics
TXRT		1002757	Respironics Simplicity Nasal - Small	0	0	-	0	-	65.00	0.0 Respironics
TXRT		1002759	Respironics - Simplicity Nasal - Medium	0	0	-	0	-	65.00	0.0 Respironics
TXRT		1002800	Respironics - Deluxe Headgear	0	0	-	0	-	9.00	0.0 Respironics
TXRT		1003756		3		-	3	52.50	17.50	52.5
TXRT		1003757		2	2	35.00	0	-	17.50	35.0 Respironics
TXRT		1004086	Respironics - Profile Lite Nasal - Petite	0	0	-	0	-	55.00	0.0 Respironics
TXRT		1004087	Respironics - Profile Lite Nasal - Small	0	2	0	-	400.00	55.00	0.0 Respironics
TXRT		1004088	Respironics - Profile Lite Nasal - Medium/Small	4	4	220.00	0	-	55.00	220.0 Respironics
TXRT		1004089	Respironics - Profile Lite Nasal - Medium	1	1	55.00	0	-	55.00	55.0 Respironics
TXRT		1004110	Respironics - Profile Lite Nasal - Medium Wide	3	3	165.00	0	-	55.00	165.0 Respironics
TXRT		1004111	Respironics - Profile Lite with headgear - Large	0	0	-	0	-	55.00	0.0 Respironics
TXRT		1004112	Respironics - Profile Lite W/O headgear - Lg Narro	0	0	-	0	-	55.00	0.0 Respironics
TXRT		1004872	Respironics - Comfort Full - Medium	5	1	80.00	4	320.00	80.00	400.0 Respironics
TXRT		1004880	Respironics - Comfort Full - Small	7	2	160.00	5	400.00	80.00	560.0 Respironics
TXRT		1004950	Respironics - Comfort Full - Large	6	1	80.00	5	400.00	80.00	480.0 Respironics
TXRT		1005792	Respironics - REMstar Heated Humidifier	0	0	-	-	-	-	0.0 Respironics
TXRT		1005960	Respironics - REMstar plus	0	0	-	0	-	-	0.0 Respironics
TXRT		1007919	Respironics - Comfort Select Nasal - Medium	13	8	400.00	5	250.00	50.00	650.0 Respironics
TXRT		1007930	Respironics Comfort Select Nasal - Small	9	2	100.00	7	350.00	50.00	450.0 Respironics
TXRT		1007931	Respironics - Comfort Select Nasal - Small Wide	0	0	-	0	-	50.00	0.0 Respironics
TXRT		1007936	Respironics - Comfort Select Cushion - Small	0	0	-	0	-	50.00	0.0 Respironics
TXRT		1007963	Respironics - Comfort Classic Nasal - Small	0	0	-	0	-	30.00	0.0 Respironics
TXRT		1007964	Respironics - Comfort Classic Nasal - Med	0	0	-	0	-	30.00	0.0 Respironics
TXRT		1009040	Respironics Comfort Gel mask and headgear - Petite	4	4	220.00	0	-	55.00	220.0 Respironics
TXRT		1009041	Respironics Comfort Gel mask and headgear - Small	0	0	-	0	-	55.00	0.0 Respironics
TXRT		1009042	Respironics Comfort Gel mask and headgear - Medium	1	1	55.00	0	-	55.00	55.0 Respironics
TXRT		1009043	Respironics Comfort Gel mask and headgear - Large	4	4	220.00	0	-	55.00	220.0 Respironics
TXRT		1009048	Respironics - Comfort Gel Cushion - Petite	0	0	-	0	-	17.00	0.0 Respironics
TXRT		1009049	Respironics - Comfort Gel Cushion - Small	0	0	-	0	-	17.00	0.0 Respironics
TXRT		1009050	Respironics - Comfort Gel Cushion - Med	0	0	-	0	-	17.00	0.0 Respironics
TXRT		1009051	Respironics - Comfort Gel Cushion - LG	0	0	-	0	-	17.00	0.0 Respironics
TXRT		1010641	Respironics Comfort Gel MASK ONLY - Large	0	0	-	0	-	55.00	0.0 Respironics
TXRT		1012911	Respironics - Premium Chin Strap	31	22	220.00	9	90.00	10.00	310.0 Respironics
TXRT		1017442	Respironics - RemStar BiPAP Auto Core package	0	0	-	0	-	-	0.0 Respironics
TXRT		1019185	Respironics - Comfort Curve	0	0	-	0	-	95.00	0.0 Respironics
TXRT		1021821	Respironics - Comfort Lite I Cushion - Large	0	0	-	0	-	18.00	0.0 Respironics
TXRT		1021823	Respironics - Comfort Lite II Cushion - Medium	0	0	-	0	-	18.00	0.0 Respironics
TXRT		1021830	Respironics - Comfort Lite II Cushion - Small	0	0	-	0	-	18.00	0.0 Respironics
TXRT		1022334	Respironics - M-Series Heated Humidifier	0	0	-	0	-	-	0.0 Respironics
TXRT		1029331	Respironics - M-series Ultra fine filters Disp.	0	0	-	0	-	5.00	0.0 Respironics
TXRT		1029533	Respironics - M-Series Replacement water chamber	8	7	122.50	1	17.50	17.50	140.0 Respironics
TXRT		1030494	Respironics - Comfort Lite 2 - Small/Medium	1	1	60.00	0	-	60.00	60.0 Respironics
TXRT		1030495	Respironics - Comfort Lite 2 - Medium	0	0	-	0	-	60.00	0.0 Respironics
TXRT		1030504	Respironics - Comfort Lite II Pillow Repl. - Med	0	0	-	0	-	20.00	0.0 Respironics
TXRT		1030505	Respironics - Comfort Lite II Pillow Repl. - Large	0	0	-	0	-	20.00	0.0 Respironics

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Desc

Warehouse	Code	Description	Actual On-hand	Scottsdale	Scottsdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
TXRT	1031393	Resprionics - Comfort Gel Cushion - Petite	0	0	-	0	-			22.00	0.0	Resprionics	
TXRT	1032907	Resprionics - Performance Tubing ultralight	0	0	-	0	-			6.00	0.0	Resprionics	
TXRT	1033678	Resprionics - Premium Headgear	0	0	-	0	-			12.00	0.0	Resprionics	
TXRT	1035162	Resprionics - REMStar replacement water chamber	0	0	-	0	-			11.81	0.0	Resprionics	
TXRT	1036800	Resprionics - Optilife Nasal pillow Mask - Kit	18	13	780.00	5	300.00			60.00	1,080.0	Resprionics	
TXRT	1036838	Resprionics - Optilife Pillow- Pet	0	0	-	0	-			14.00	0.0	Resprionics	
TXRT	1036839	Resprionics - Optilife Pillow- Sm	0	0	-	0	-			14.00	0.0	Resprionics	
TXRT	1036840	Resprionics - Optilife Pillow- Med	0	0	-	0	-			14.00	0.0	Resprionics	
TXRT	1036841	Resprionics - Optilife Pillow- LG	0	0	-	0	-			14.00	0.0	Resprionics	
	1037688		0	0	-	0	-			30.00	0.0		
	1040135		5	2	180.00	3	270.00			90.00	450.0	Resprionics	
	1040137		3	3	270.00	0	-			90.00	270.0	Resprionics	
	1040768		3	2	100.00	1	50.00			50.00	150.0	Resprionics	
	1043237	Resprionics - SleepEasy with Humidifier	2	0	-	2	410.00			205.00	410.0	Resprionics	
	1049109		0	0	-	0	-			-	0.0		
	1050003	Resprionics -	2	0	-	2	100.00			50.00	100.0	Resprionics	
	1050004		2	0	-	2	100.00			50.00	100.0	Resprionics	
	1051158		3	1	-	2	-			-	0.0		
	1056215		22	21	-	1	-			-	0.0		
	16333		10	4	240.00	6	360.00			60.00	600.0	ResMed	
	16334		4	2	120.00	2	120.00			60.00	240.0	ResMed	
	16335		9	2	120.00	7	420.00			60.00	540.0	ResMed	
TXRT	16548	ResMed - Ultra Mirage II Nasal Mask - Standard	6	1	55.00	5	275.00			55.00	330.0	ResMed	
	16549	ResMed - Ultra Mirage II Nasal Mask - Large	3	1	110.00	2	55.00			55.00	165.0	ResMed	
	16550	ResMed - Ultra Mirage II Nasal Mask - Shallow	3	3	165.00	0	-			55.00	165.0	ResMed	
TXRT	16557	ResMed - UM II Nasal Cushion - Large	0	0	-	0	-			16.00	0.0	ResMed	
TXRT	16577	ResMed - Ultra Mirage II Nasal Mask - Shallow Wide	0	0	-	0	-			55.00	0.0	ResMed	
TXRT	16605	ResMed - Ult Mirage FF Cushion-Medium Std	0	0	-	0	-			28.00	0.0	ResMed	
TXRT	24101	ResMed VPAP III - Bilevel device	0	0	-	0	-			-	0.0	ResMed	
	24111	ResMed VPAP III - ST Bilevel device	0	0	-	0	-			-	0.0	ResMed	
	24116	ResMed VPAP III - ST-A Bilevel device	0	0	-	0	-			1,950.00	0.0	ResMed	
TXRT	26008	ResMed VPAP Adapt SV - Bilevel device	0	0	-	0	-			-	0.0	ResMed	
TXRT	26201	ResMed VPAP Mallibu - Bilevel device	0	0	-	0	-			-	0.0	ResMed	
TXRT	30001	ResMed - S7 Autoset Spirit	0	0	-	0	-			-	0.0	ResMed	
TXRT	30002	ResMed - S7 Elite	0	0	-	0	-			-	0.0	ResMed	
TXRT	30011	ResMed - S7 Lightweight	0	0	-	0	-			-	0.0	ResMed	
TXRT	302218	Resprionics - Contour Nasal - Large	0	0	-	0	-			37.00	0.0	Resprionics	
TXRT	302425	Resprionics - Deluxe Chin Strap	0	0	-	0	-			19.00	0.0	Resprionics	
TXRT	302465	Resprionics Softcap Headgear Small	0	0	-	0	-			-	0.0	Resprionics	
TXRT	30902	ResMed Humidaire 2i heated humidifier	2	2	-	0	-			-	0.0	ResMed	
TXRT	30951	ResMed - H2i replacement water chamber	0	0	-	0	-			22.50	0.0	ResMed	
TXRT	33007	ResMed - S8 Escape	0	0	-	0	-			305.00	0.0	ResMed	
TXRT	33021	ResMed - S8 Elite	0	0	-	0	-			305.00	0.0	ResMed	
TXRT	33051	ResMed - S8 Elite II	0	0	-	0	-			305.00	0.0	ResMed	
TXRT	33112	ResMed - S8 Autoset Vantage	0	0	-	0	-			-	0.0	ResMed	
TXRT	33906	ResMed Humidaire 3i heated humidifier	0	0	-	0	-			0.0	0.0	ResMed	
TXRT	33957	ResMed - H3i replacement water chamber	4	4	90.00	0	-			22.50	90.0	ResMed	
TXRT	34000	C-Series Tango	0	0	-	0	-			480.00	0.0		
TXRT	34900	C-Series Humid	0	0	-	0	-			-	0.0		
TXRT	36005	ResMed - S9 Auto Set	1	1	550.00	0	-			550.00	550.0	ResMed	
TXRT	400HC501	Fisher & Paykel- Cushion/Seal for HC407 - 1 size	0	0	-	0	-			14.00	0.0	Fisher & Paykel	
TXRT	60000	ResMed - Mirage Vista - Standard nasal	8	5	295.00	3	177.00			59.00	472.0	ResMed	
TXRT	60001	ResMed - Mirage Vista - Standard nasal	5	3	177.00	2	118.00			59.00	295.0	ResMed	
TXRT	60100	ResMed - Mirage Activa - Standard nasal	7	7	455.00	0	-			65.00	455.0	ResMed	
TXRT	60101	ResMed - Mirage Activa - Large nasal	0	0	-	0	-			65.00	0.0	ResMed	
TXRT	60102	ResMed - Mirage Activa - Shallow nasal	7	7	455.00	0	-			65.00	455.0	ResMed	
TXRT	60117	ResMed Activa replacement cushion - Standard	0	0	-	0	-			19.00	0.0	ResMed	
TXRT	60118	ResMed Activa replacement cushion - Standard	0	0	-	0	-			19.00	0.0	ResMed	
TXRT	60119	ResMed Activa replacement cushion - Shallow	0	0	-	0	-			19.00	0.0	ResMed	
TXRT	60148	ResMed - Swift II Nasal pillow Mask - Std	0	0	-	0	-			189.99	0.0	ResMed	
TXRT	60512	ResMed - Swift II Nasal pillow Mask - Std	12	9	666.00	5	222.00			38.99	389.9	ResMed	
TXRT	60520	ResMed - Swift Pillow sleeve - Small	0	0	-	0	-			38.99	0.0	ResMed	

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Warehouse	Code	Description	Actual On-hand	Scottdale	Scottdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
TXRT		60521 ResMed - Swift Pillow sleeve - Medium	0	0	-	0	-			14.00	0.0	ResMed	
TXRT		60522 ResMed - Swift Pillow sleeve - Large	0	0	-	0	-			14.00	0.0	ResMed	
TXRT		60541 ResMed - Swift 2 Pillow sleeve - Small	0	0	-	0	-			14.00	0.0	ResMed	
TXRT		60542 ResMed - Swift 2 Pillow sleeve - Medium	0	0	-	0	-			14.00	0.0	ResMed	
TXRT		60543 ResMed - Swift 2 Pillow sleeve - Large	0	0	-	0	-			14.00	0.0	ResMed	
TXRT		60560 ResMed - Swift LT Nasal Pillow Mask - Kit	4	0	-	4	260.00			65.00	260.00	ResMed	
TXRT		60588	1	1	65.00	0	-			65.00	65.00	ResMed	
TXRT		60600 ResMed - Ultra Mirage Full - Small Standard	6	6	630.00	0	-			105.00	630.00	ResMed	
TXRT		60601 ResMed - Ultra Mirage Full - Small Shallow	2	2	210.00	0	-			105.00	210.00	ResMed	
TXRT		60602 ResMed - Ultra Mirage Full - Medium Standard	10	6	630.00	0	420.00			105.00	1,050.00	ResMed	
TXRT		60603 ResMed - Ultra Mirage Full - Medium Shallow	1	1	105.00	0	-			105.00	105.00	ResMed	
TXRT		60604 ResMed - Ultra Mirage Full - Large Standard	6	6	630.00	0	-			105.00	630.00	ResMed	
TXRT		60605 ResMed - Ultra Mirage Full - Large Shallow	1	1	105.00	0	-			105.00	105.00	ResMed	
TXRT		60922 ResMed - Vista Deep, Cushion only	0	0	-	0	-			14.00	0.0	ResMed	
	61010	ResMed - Kidsta Nasal Mask	2	2	118.00	0	-			59.00	118.00	ResMed	
TXRT		61200 ResMed - Quattro Full Face - X-Small	1	1	105.00	0	-			105.00	105.00	ResMed	
TXRT		61201 ResMed - Quattro Full Face - Small	0	5	525.00	4	420.00			105.00	945.00	ResMed	
TXRT		61202 ResMed - Quattro Full Face - Medium	4	2	210.00	2	210.00			105.00	420.00	ResMed	
TXRT		61203 ResMed - Quattro Full Face - Large	3	2	210.00	1	105.00			105.00	315.00	ResMed	
TXRT		61290 ResMed - Quattro FF Cushion - X-Small	0	0	-	0	-			32.00	0.0	ResMed	
TXRT		61291 ResMed - Quattro FF Cushion - Small	0	0	-	0	-			32.00	0.0	ResMed	
TXRT		61292 ResMed - Quattro FF Cushion - Medium	0	0	-	0	-			32.00	0.0	ResMed	
TXRT		61293 ResMed - Quattro FF Cushion - Large	0	0	-	0	-			32.00	0.0	ResMed	
TXRT	61300	ResMed - Liberty Full Face - Small	7	4	420.00	6	630.00			105.00	1,050.00	ResMed	
TXRT	61301	ResMed - Liberty Full Face - Large	10	4	420.00	3	315.00			105.00	735.00	ResMed	
TXRT	61333	ResMed - Liberty Pillows - Small	0	0	-	0	-			8.00	0.0	ResMed	
TXRT	61334	ResMed - Liberty Pillows - Medium	0	0	-	0	-			8.00	0.0	ResMed	
TXRT	61335	ResMed - Liberty Pillows - Large	0	0	-	0	-			8.00	0.0	ResMed	
	61500		2	2	150.00	0	-			75.00	150.00	ResMed	
TXRT	622038	Respironics - Tubing, 6 ft, Standard Grey	0	0	-	0	-			3.60	0.0	Respironics	
TXRT	DS100	Respironics - M-Series Core Package	0	0	-	0	-			260.00	0.0	Respironics	
TXRT	DS200	Respironics - M-Series Core Package with Flex	0	0	-	0	-			325.00	0.0	Respironics	
TXRT	DS100HS	Respironics -	0	0	-	0	-			292.30	0.0	Respironics	
TXRT	DS200HS	Respironics -	0	0	-	0	-			307.00	0.0	Respironics	
TXRT	DS400HS	Respironics -	0	0	-	0	-			399.00	0.0	Respironics	
TXRT	DS150HS	Respironics -	6	3	867.00	3	867.00			289.00	1,734.00	Respironics	
TXRT	DS250HS	Respironics -	14	5	1,625.00	9	2,925.00			325.00	4,550.00	Respironics	
TXRT	DS450HS	Respironics -	15	11	4,345.00	4	1,580.00			395.00	5,925.00	Respironics	
TXRT	DSS50HS	Respironics -	2	1	470.00	1	470.00			470.00	940.00	Respironics	
TXRT	DSS00S	Respironics - M-Series Auto w/Flex	0	0	-	0	-			520.00	0.0	Respironics	
TXRT	DSS10HS	Respironics - M-Series Auto w/A Flex	0	0	-	0	-			492.00	0.0	Respironics	
TXRT	DS600H	Respironics - M-Series Auto w/A Flex	2	1	1,010.00	1	1,010.00			1,010.00	2,020.00	Respironics	
TXRT	DS700HS	Respironics - M-Series BiPAP Auto w/Bi-Flex Core pa	0	0	-	0	-			915.00	0.0	Respironics	
TXRT	DS750HS		3	0	-	3	2,745.00			915.00	2,745.00	Respironics	
TXRT	HC233	Fisher & Paykel - CPAP	0	0	-	0	-			-	0.0	Fisher & Paykel	
TXRT	HC300	Fisher & Paykel - HC300 water chamber	0	0	-	0	-			30.00	0.0	Fisher & Paykel	
TXRT	HC325	Fisher & Paykel - HC325 water chamber	0	0	-	0	-			30.00	0.0	Fisher & Paykel	
TXRT	HC385S	Fisher & Paykel - HC385 water chamber	0	0	-	0	-			8.00	0.0	Fisher & Paykel	
TXRT	HC401A	Fisher & Paykel - Acclaim II Nasal Mask	0	0	-	0	-			30.00	0.0	Fisher & Paykel	
TXRT	HC405A	Fisher & Paykel - Nasal Mask Standard size HC405A	6	2	60.00	4	120.00			30.00	180.00	Fisher & Paykel	
TXRT	HC406A	Fisher & Paykel - Nasal Mask Petite Size HC406A	0	0	-	0	-			55.00	0.0	Fisher & Paykel	
TXRT	HC407A	Fisher & Paykel - Nasal Mask Standard size HC407A	2	1	55.00	1	55.00			55.00	110.00	Fisher & Paykel	
TXRT	HC431A	Fisher & Paykel - Full face mask HC431A	4	0	-	4	340.00			85.00	340.00	Fisher & Paykel	
TXRT	HC432AL	Fisher & Paykel - Full face mask HC432AL	2	2	170.00	0	-			85.00	170.00	Fisher & Paykel	
TXRT	HC432AM	Fisher & Paykel - Full face mask HC432AM	4	2	170.00	2	170.00			85.00	340.00	Fisher & Paykel	
TXRT	HC432AS	Fisher & Paykel - Full face mask HC432AS	1	0	-	1	85.00			85.00	85.00	Fisher & Paykel	
TXRT	HC452A	Fisher & Paykel - Oracle Oral appliance	0	0	-	0	-			85.00	0.0	Fisher & Paykel	
TXRT	HC482A	Fisher & Paykel - Opus Nasal Pillows Mask	1	0	-	1	55.00			55.00	55.00	Fisher & Paykel	
TXRT	HYB500	Innomed Hybrid Nasal Pillow/Oral Mask	0	0	-	0	-			125.00	0.0	Roscoe	
TXRT	TCF-102	Innomed Hybrid Nasal Pillow/Oral Mask	0	0	-	0	-			49.00	0.0	Roscoe	
TXRT	TCF-101	Innomed - Nasal - Arc II - Nasal Pillows-SM	0	0	-	0	-			0.00	0.00	Roscoe	
TXRT	TCF-142	Respironics - Solo/Virtuoso Ultrafine filters-Dip	0	0	-	0	-			0.00	0.00	Roscoe	

Warehouse	Code	Description	Actual On-hand	Scottdale	Scottdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value
TXRT	TCF-145	Respironics - Remstar-Ultra fine filters Disp	0	0	-	0	-			1.25	0.0	Roscoe	
TXRT	TCF-147	Respironics - BiPap Pro/Plus/Ultra fine filter-Disp	0	0	-	0	-			1.25	0.0	Roscoe	
TXRT	TCF-149	Respironics - M-Series Ultra fine filters Disp.	0	0	-	4	-	1.36		0.34	1.4	Roscoe	
TXRT	TCF-176	NPB - 420g disposable filter	0	0	-	0	-			2.50	0.0	Roscoe	
TXRT	TCF-245	Respironics - RemStar Pollen Non Disposable Filter	0	0	-	0	-			0.88	0.0	Roscoe	
TXRT	TCF-247	Respironics - BiPap Pro w/BI Flex- Non Disposable	0	0	-	0	-			2.89	0.0	Roscoe	
TXRT	TCF-249	Respironics - M - Series Non Disposable Filter	27	0	-	27	17.01			0.63	17.0	Roscoe	
TXRT	TCF-276	NPB - 420g Foam filter Non Disposable	0	0	-	0	-			0.90	0.0	Roscoe	
TXRT	TCF-508	ResMed - 56 filters	0	0	-	0	-			0.50	0.0	Roscoe	
TXRT	TCF-510	ResMed - 57 filters	0	0	-	0	-			0.50	0.0	Roscoe	
TXRT	TCF-511	ResMed - 58 filters	0	0	-	0	-			0.50	0.0	Roscoe	
TXRT	TMS-08	Tiara (Respironics) - Deluxe Chin Strap	0	0	-	0	-			9.95	0.0	Roscoe	
TXRT	TMS-09L	Tiara - Ruby Red Chinstrap- Large	0	0	-	0	-			12.00	0.0		
TXRT	TMS-09M	Tiara - Ruby Red Chinstrap- Medium	0	0	-	0	-			12.00	0.0		
TXRT	TMS-09S	Tiara - Ruby Red Chinstrap- Small	0	0	-	0	-			12.00	0.0		
TXRT	TMS-3034S	Tiara - Snapp X Direct Nasal Interface Mask	0	0	-	0	-			84.50	0.0		
TXRT	T5B-GLIT	Tubing, Standard 6 ft	0	0	-	0	-			2.95			
											38,622.5		

Pacific North West

Warehouse	Code	Description	Actual On-hand	Astoria	Astoria Value	Gresham	Gresham Value	Hillsboro	Hillsboro Value	Roseburg	Roseburg Value	Vancouver	Vancouver Value	Std.	Inventory Value
PNW	1001389		6	0	-	0	-	1	5.00	0	-	0	-	5.00	5.00 Respironics
PNW	1001396	Respironics - Shielded 12 VDC Power Cord 6'	70	0	-	0	32.00	2	32.00	0	-	2	32.00	16.00	96.00 Respironics
PNW	100200W	Respironics - Wired Data Modem	0	0	-	0	-	0	-	0	-	0	-	30.00	30.00 Respironics
PNW	1002000		0	0	-	0	-	6	180.00	0	-	0	-	30.00	180.00
PNW	1002064	Respironics Softcap Headgear Med	0	0	-	0	-	0	-	0	-	0	-	22.47	- Respironics
PNW	1002065	Respironics Softcap Headgear Large	0	0	-	0	-	0	-	0	-	0	-	-	- Respironics
PNW	1002757	Respironics Simplicity Nasal - Small	66	0	-	0	-	0	-	1	65.00	0	-	65.00	65.00 Respironics
PNW	1002759	Respironics - Simplicity Nasal - Medium	0	0	-	0	-	0	-	0	-	0	-	65.00	- Respironics
PNW	1002800	Respironics - Deluxe Headgear	0	0	-	0	-	0	-	0	-	0	-	-	- Respironics
PNW	1003756		502.5	2	35.00	19	332.50	6	105.00	0	-	3	52.50	17.50	525.00 Respironics
PNW	1003757		18.5	0	-	0	-	0	-	1	17.50	0	-	17.50	17.50 Respironics
PNW	1004086	Respironics - Profile Lite Nasal - Petite	1	0	-	0	-	0	-	0	-	1	55.00	55.00	55.00 Respironics
PNW	1004087	Respironics - Profile Lite Nasal - Small	113	0	-	0	-	2	110.00	0	-	1	55.00	55.00	165.00 Respironics
PNW	1004088	Respironics - Profile Lite Nasal - Medium/Small	0	0	-	0	-	0	-	0	-	0	-	55.00	- Respironics
PNW	1004089	Respironics - Profile Lite Nasal - Medium	0	0	-	0	-	17	935.00	0	-	1	55.00	55.00	990.00 Respironics
PNW	1004110	Respironics - Profile Lite with headgear - Med. Wide	925	0	-	0	-	2	110.00	2	110.00	1	55.00	55.00	275.00 Respironics
PNW	1004111	Respironics - Profile Lite with headgear - Large	393	1	55.00	0	-	4	210.00	2	110.00	1	55.00	55.00	440.00 Respironics
PNW	1004112	Respironics - Profile Lite W/O headgear - Lg Narrow	113	0	-	0	-	2	110.00	0	-	1	55.00	55.00	165.00 Respironics
PNW	1004872	Respironics - Comfort Full - Medium	973	0	-	0	-	11	880.00	1	80.00	1	80.00	80.00	1,040.00 Respironics
PNW	1004880	Respironics - Comfort Full - Small	408	0	-	1	80.00	3	240.00	1	80.00	3	240.00	80.00	640.00 Respironics
PNW	1004950	Respironics - Comfort Full - Large	407	0	-	0	-	5	400.00	0	-	2	160.00	80.00	560.00 Respironics
PNW	1005792	Respironics - REMstar Heated Humidifier	7	1	-	2	-	1	-	3	-	0	-	-	- Respironics
PNW	1005964		0	0	-	0	-	0	-	0	-	0	-	2.50	- Respironics
PNW	1007919	Respironics - Comfort Select Nasal - Medium	1428	0	-	1	50.00	24	1,200.00	3	150.00	0	-	50.00	1,400.00 Respironics
PNW	1007930	Respironics Comfort Select Nasal - Small	357	0	-	0	-	6	300.00	1	50.00	0	-	50.00	350.00 Respironics
PNW	1007931	Respironics - Comfort Select Nasal - Small Wide	510	0	-	0	-	6	300.00	4	200.00	0	-	50.00	500.00 Respironics
PNW	1007935	Respironics - Comfort Select Nasal - Medium	0	0	-	0	-	0	-	0	-	0	-	50.00	- Respironics
PNW	1007936	Respironics - Comfort Select Cushion - Small	0	0	-	0	-	0	-	0	-	0	-	50.00	- Respironics
PNW	1007937	Respironics Comfort Select Nasal - Small Wide	0	0	-	0	-	0	-	0	-	0	-	50.00	- Respironics
PNW	1007963	Respironics - Comfort Classic Nasal - Small	652	2	60.00	0	-	19	570.00	0	-	1	30.00	30.00	660.00 Respironics
PNW	1007964	Respironics - Comfort Classic Nasal - Med	191	2	60.00	0	-	3	90.00	1	30.00	5	150.00	30.00	330.00 Respironics
PNW	1008619	RemStar Water Chamber	37	0	-	0	-	0	-	2	35.00	0	-	17.50	35.00 Respironics
PNW	1009040	Respironics Comfort Gel mask and headgear - Petite	448	4	220.00	0	-	3	165.00	1	55.00	0	-	55.00	440.00 Respironics
PNW	1009041	Respironics Comfort Gel mask and headgear - Small	114	0	-	0	-	0	-	2	110.00	2	110.00	55.00	220.00 Respironics
PNW	1009042	Respironics Comfort Gel mask and headgear - Medium	224	0	-	0	-	1	55.00	3	165.00	0	-	55.00	220.00 Respironics
PNW	1009043	Respironics Comfort Gel mask and headgear - Large	224	0	-	0	-	1	55.00	3	165.00	0	-	55.00	220.00 Respironics
PNW	1009048	Respironics - Comfort Gel Cushion - Petite	0	0	-	0	-	0	-	0	-	0	-	17.00	- Respironics
PNW	1009049	Respironics - Comfort Gel Cushion - Small	0	0	-	0	-	0	-	0	-	0	-	17.00	- Respironics
PNW	1009050	Respironics - Comfort Gel Cushion - Medium	0	0	-	0	-	0	-	0	-	0	-	17.00	- Respironics
PNW	1009051	Respironics - Comfort Gel Cushion - Large	0	0	-	0	-	0	-	0	-	0	-	17.00	- Respironics
PNW	1010641	Respironics Comfort Gel MASK ONLY - Large	0	0	-	0	-	0	-	0	-	0	-	55.00	- Respironics

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Desc

Warehouse	Code	Description	Actual On-hand	Scottdale	Scottdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value			
PNW	1012911	Respironics - Premium Chin Strap	79	0	-	0	-	5	50.00	2	20.00	2	20.00	10.00	90.00	Respironics
PNW	1014248	BiPAP S/T System with Encore Pro SmartCard	10927	1	1,820.00	3	5,460.00	2	3,640.00	0	-	1	1,820.00	1,820.00	12,740.00	Respironics
PNW	1017442	Respironics - RemStar BiPAP Auto Core package	0	0	-	0	-	0	-	0	-	0	-	-	-	Respironics
PNW	1019185	Respironics - Comfort Curve	480	1	95.00	0	-	3	285.00	1	95.00	0	-	95.00	475.00	Respironics
PNW	1021821	Respironics - Comfort Lite II Cushion - Large	76	0	-	0	-	0	-	4	72.00	0	-	18.00	72.00	Respironics
PNW	1021823	Respironics - Comfort Lite II Cushion - Medium	76	0	-	0	-	0	-	4	72.00	0	-	18.00	72.00	Respironics
PNW	1021830	Respironics - Comfort Lite II Cushion - Small	209	0	-	0	-	0	-	11	198.00	0	-	18.00	198.00	Respironics
PNW	1021835	Respironics - Comfort Lite II Cushion - Petite	0	0	-	0	-	0	-	0	-	0	-	18.00	-	Respironics
PNW	1022334	Respironics - M-Series Heated Humidifier	4	0	-	0	-	2	-	0	-	2	-	-	-	Respironics
PNW	1029330	Respironics - M-Series Pollen Filters	9	0	-	0	-	3	6.00	0	-	0	-	2.00	6.00	Respironics
PNW	1029331	Respironics - M-Series Ultra Fine Filters Disp.	0	0	-	0	-	0	-	0	-	0	-	5.00	-	Respironics
PNW	1029532	Respironics - M-Series Replacement water chamber	14	0	-	0	-	4	10.00	0	-	0	-	2.50	10.00	Respironics
PNW	1029533	Respironics - M-Series Replacement water chamber	37	0	-	0	-	2	35.00	0	-	0	-	17.50	35.00	Respironics
PNW	1030493	Respironics - Comfort Lite 2 - Narrow	61	0	-	1	60.00	0	-	0	-	0	-	60.00	60.00	Respironics
PNW	1030494	Respironics - Comfort Lite 2 - Small/Medium	488	0	-	0	-	7	420.00	1	60.00	0	-	60.00	480.00	Respironics
PNW	1030495	Respironics - Comfort Lite 2 - Medium/Large	61	0	-	1	60.00	0	-	0	-	0	-	60.00	60.00	Respironics
PNW	1030502	Respironics - Comfort Lite 2 - Petite	0	0	-	0	-	0	-	0	-	0	-	60.00	-	Respironics
PNW	1030503	Respironics - Comfort Lite II Pillow Repl. - Small	0	0	-	0	-	0	-	0	-	0	-	14.00	-	Respironics
PNW	1030504	Respironics - Comfort Lite II Pillow Repl. - Med	0	0	-	0	-	0	-	0	-	0	-	14.00	-	Respironics
PNW	1030505	Respironics - Comfort Lite II Pillow Repl. - Large	0	0	-	0	-	0	-	0	-	0	-	14.00	-	Respironics
PNW	1031391	Respironics - Comfort Gel Cushion - Petite	207	5	110.00	0	-	1	22.00	3	66.00	0	-	22.00	198.00	Respironics
PNW	1031392	Respironics - Comfort Gel Cushion - Small	161	0	-	0	-	2	44.00	5	110.00	0	-	22.00	154.00	Respironics
PNW	1031403	Respironics - Comfort Gel Cushion - Medium	345	10	220.00	0	-	3	66.00	2	44.00	0	-	22.00	330.00	Respironics
PNW	1031404	Respironics - Comfort Gel Cushion - Large	299	0	-	0	-	3	66.00	10	220.00	0	-	22.00	286.00	Respironics
PNW	1032907	Respironics-Performance Tubing ultralight	63	0	-	0	-	0	-	9	54.00	0	-	6.00	54.00	Respironics
PNW	1033678	Respironics - Premium Headgear	65	1	12.00	0	-	4	48.00	0	-	0	-	12.00	60.00	Respironics
PNW	1035162	Respironics - REMStar replacement water chamber	221.77	2	23.62	3	35.43	9	106.29	3	35.43	4	47.24	11.81	248.01	Respironics
PNW	1036800	Respironics - OptiLife Nasal pillow Mask - Kit	1955	2	120.00	16	960.00	8	480.00	6	360.00	3	180.00	60.00	2,100.00	Respironics
PNW	1036801	Respironics - OptiLife Nasal pillow Mask - Kit	675	2	120.00	4	240.00	4	240.00	1	60.00	4	240.00	60.00	900.00	Respironics
PNW	1036802	Respironics - OptiLife Pillow - Pet	675	2	120.00	4	240.00	4	240.00	1	60.00	4	240.00	60.00	900.00	Respironics
PNW	1036838	Respironics - OptiLife Pillow - Pet	390	0	-	0	-	6	84.00	20	280.00	0	-	14.00	364.00	Respironics
PNW	1036839	Respironics - OptiLife Pillow - Sm	123	0	-	0	-	2	28.00	6	84.00	3	42.00	14.00	154.00	Respironics
PNW	1036840	Respironics - OptiLife Pillow - Med	108	0	-	0	-	7	98.00	3	98.00	3	42.00	14.00	140.00	Respironics
PNW	1036841	Respironics - OptiLife Pillow - LG	300	0	-	0	-	0	-	20	280.00	0	-	14.00	280.00	Respironics
PNW	1037688	Respironics - M-series Wired Modem	279	0	-	0	-	9	270.00	0	-	0	-	30.00	270.00	Respironics
PNW	1036846	Respironics - M-series Wired Modem	137	0	-	0	-	2	66.50	2	66.50	0	-	33.25	133.00	Respironics
PNW	1036847	Respironics - M-series Wired Modem	273	0	-	1	38.00	2	76.00	4	152.00	0	-	38.00	266.00	Respironics
PNW	1036848	Respironics - M-series Wired Modem	195	0	-	0	-	3	114.00	2	76.00	0	-	38.00	190.00	Respironics
PNW	1036849	Respironics - M-series Wired Modem	156	0	-	0	-	4	152.00	0	-	0	-	38.00	152.00	Respironics
PNW	1038917	Respironics BiPAP Auto SV Unit	0	0	-	0	-	0	-	0	-	0	-	2,450.00	-	Respironics
PNW	1040135	Respironics Comfort Gel mask and headgear - Small	1917	4	360.00	8	720.00	6	540.00	3	270.00	6	540.00	90.00	2,430.00	Respironics
PNW	1040136	Respironics Comfort Gel mask and headgear - Medium	1824	4	360.00	11	990.00	4	360.00	1	90.00	4	360.00	90.00	2,160.00	Respironics
PNW	1040137	Respironics Comfort Gel mask and headgear - Large	1006	2	180.00	6	540.00	2	180.00	1	90.00	5	450.00	90.00	1,440.00	Respironics
PNW	1040716	Respironics - BiPAP Auto SV Core Package	10044	2	5,020.00	0	-	2	5,020.00	0	-	0	-	2,510.00	10,040.00	Respironics
PNW	1040768	Respironics - Comfort Fusion S/m/Med Mask Kit	1481	2	100.00	23	1,150.00	4	200.00	0	-	2	100.00	50.00	1,550.00	Respironics
PNW	1040769	Respironics - Comfort Fusion S/m/Med Mask Kit	51	0	-	0	-	1	50.00	0	-	0	-	50.00	50.00	Respironics
PNW	1040840	Respironics - Comfort Fusion Cushion & Ring - Small	255	0	-	0	-	5	250.00	0	-	0	-	50.00	250.00	Respironics
PNW	1040841	Respironics - Comfort Fusion Cushion & Ring - Med	204	0	-	0	-	4	200.00	0	-	0	-	50.00	200.00	Respironics
PNW	1042907	BiPAP autoSV Core Package	7535	0	-	0	-	2	5,020.00	1	2,510.00	2	5,020.00	2,510.00	12,550.00	Respironics
PNW	1047917	Full Life face mask with headgear- Small	884	2	158.00	2	158.00	2	158.00	5	316.00	4	316.00	79.00	1,185.00	Respironics
PNW	1047918	Full Life face mask with headgear- Medium	643	1	79.00	1	79.00	1	79.00	5	395.00	3	237.00	79.00	869.00	Respironics
PNW	1049109	Respironics - Comfort Fusion S/m/Med Mask Kit	9	2	-	3	-	3	-	0	-	1	-	-	-	Respironics
PNW	1050001	Respironics - Heated Humidifier	51	0	-	0	-	1	50.00	0	-	0	-	50.00	50.00	Respironics
PNW	1050002	Respironics - Heated Humidifier	204	0	-	0	-	4	200.00	0	-	0	-	50.00	200.00	Respironics
PNW	1050004	Respironics - Heated Humidifier	102	0	-	0	-	2	100.00	0	-	0	-	50.00	100.00	Respironics
PNW	1051158	Respironics - Heated Humidifier	12	2	-	2	-	6	-	0	-	2	-	-	-	Respironics
PNW	1056215	Respironics - Heated Humidifier	34	3	-	5	-	14	-	6	-	6	-	-	-	Respironics
PNW	1060801	FitLife Mask with headgear-Small	1455	1	120.00	2	240.00	4	480.00	5	600.00	3	360.00	120.00	1,800.00	Respironics
PNW	1060802	FitLife Mask with headgear-Medium	728	1	120.00	0	-	0	-	5	600.00	2	240.00	120.00	960.00	Respironics
PNW	1060946	FitLife Mask with headgear-Large	0	0	-	0	-	0	-	0	-	0	-	3.00	-	Respironics
PNW	1070030	Respironics-Blue gel masks	168	0	-	0	-	3	165.00	0	-	0	-	55.00	165.00	Respironics
PNW	1070039	Respironics-Blue gel masks	168	0	-	0	-	3	165.00	0	-	0	-	55.00	110.00	Respironics

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Main Document

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Desc

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Warehouse	Code	Description	Actual On-hand	Scottdale	Scottdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value			
PNW	1070040	Responics- Blue gel masks	224	0	-	0	-	4	220.00	0	-	0	-	55.00	220.00	Responics
PNW	16333	ResMed - Mirage Micro - Small	1836	4	240.00	10	600.00	14	440.00	2	120.00	6	360.00	60.00	2,160.00	ResMed
PNW	16334	ResMed - Mirage Micro - Med and Large	1411	7	420.00	3	360.00	7	420.00	3	180.00	8	480.00	60.00	1,860.00	ResMed
PNW	16335	ResMed - Mirage Micro - Lg Wide and XL	1043	7	420.00	2	120.00	6	360.00	2	120.00	6	360.00	60.00	1,380.00	ResMed
PNW	16548	ResMed - Ultra Mirage II Nasal Mask - Standard	849	4	220.00	7	385.00	0	-	4	220.00	9	495.00	55.00	1,320.00	ResMed
PNW	16549	ResMed - Ultra Mirage II Nasal Mask - Large	896	0	-	8	440.00	6	330.00	2	110.00	0	-	55.00	880.00	ResMed
PNW	16550	ResMed - Ultra Mirage II Nasal Mask - Shallow	1179	3	165.00	7	385.00	10	550.00	1	55.00	3	165.00	55.00	1,320.00	ResMed
PNW	16556	ResMed - UM II Nasal Cushion - Standard	102	2	32.00	3	48.00	1	16.00	0	-	0	-	16.00	96.00	ResMed
PNW	16557	ResMed - UM II Nasal Cushion - Large	1057	0	-	5	80.00	6	96.00	0	-	0	-	16.00	176.00	ResMed
PNW	16558	ResMed - UM II Nasal Cushion - 3 Shallow	616	3	48.00	0	96.00	10	160.00	0	-	0	-	16.00	304.00	ResMed
PNW	16577	ResMed - Ultra Mirage II Nasal Mask - Shallow Wide	223	0	-	0	-	6	330.00	5	275.00	0	-	55.00	605.00	ResMed
PNW	16604	ResMed - Ulti Mirage FF Cushion-Small Std	58	0	-	0	-	1	28.00	1	28.00	0	-	28.00	56.00	ResMed
PNW	16605	ResMed - Ulti Mirage FF Cushion-Medium Std	116	0	-	0	-	2	56.00	2	56.00	0	-	28.00	112.00	ResMed
PNW	16606	ResMed - Ulti Mirage FF Cushion-Large Std	493	0	-	0	-	10	280.00	7	196.00	0	-	28.00	476.00	ResMed
PNW	16671	ResMed - Ulti Mirage FF Cushion-Sm Shallow	29	0	-	0	-	1	28.00	0	-	0	-	28.00	28.00	ResMed
PNW	16672	ResMed - Ulti Mirage FF Cushion-Med Shallow	174	0	-	0	-	6	168.00	0	-	0	-	28.00	168.00	ResMed
PNW	16673	ResMed - Ulti Mirage FF Cushion-Large Shallow	58	3	39.00	0	-	2	56.00	0	-	0	-	28.00	56.00	ResMed
PNW	16735	ResMed - Ulti Mirage FF Cushion-Large Wide	0	-	-	1	28.00	0	-	0	-	0	-	28.00	28.00	ResMed
PNW	24101	ResMed VPAP III - Bilevel device	0	0	-	0	-	0	-	0	-	0	-	-	-	ResMed
PNW	24111	ResMed VPAP III - ST Bilevel device	0	0	-	0	-	0	-	0	-	0	-	-	-	ResMed
PNW	24116	ResMed VPAP III - ST-A Bilevel device	0	0	-	0	-	0	-	0	-	0	-	1,950.00	-	ResMed
PNW	26008	ResMed VPAP Adapt SV - Bilevel device	2	0	-	0	-	2	-	0	-	0	-	-	-	ResMed
PNW	26013		0	0	-	0	-	0	-	0	-	0	-	2,700.00	-	
PNW	26110	ResMed VPAP Adapt ST - Bilevel device	0	0	-	0	-	0	-	0	-	0	-	1,600.00	-	ResMed
PNW	26122	ResMed VPAP ST + H4i	0	0	-	0	-	0	-	0	-	0	-	1,715.00	-	ResMed
PNW	26201	ResMed VPAP Mallibu - Bilevel device	0	0	-	0	-	0	-	0	-	0	-	-	-	ResMed
PNW	26940	ResMed Humidaire 4i heated humidifier	1	0	-	0	-	1	-	0	-	0	-	-	-	ResMed
PNW	26952	ResMed - H4i Water Chamber	244	4	56.00	6	84.00	6	84.00	0	-	4	56.00	14.00	280.00	ResMed
PNW	26959	ResMed - H4i Upgrade Water Chamber Kit	130	1	15.00	1	15.00	6	90.00	0	-	2	30.00	15.00	15.00	ResMed
PNW	30001	ResMed - S7 Autoset Spirit	0	0	-	0	-	0	-	0	-	0	-	-	-	ResMed
PNW	30002	ResMed - S7 Elite	0	0	-	0	-	0	-	0	-	0	-	-	-	ResMed
PNW	30011	ResMed - S7 Lightweight	0	0	-	0	-	0	-	0	-	0	-	-	-	ResMed
PNW	302218	Responics - Contour Nasal - Large	0	0	-	0	-	0	-	0	-	0	-	37.00	-	Responics
PNW	302328	Responics - Simple Chin Strap	20	0	-	0	-	0	-	2	18.00	0	-	9.00	18.00	Responics
PNW	302425	Responics - Deluxe Chin Strap	203	1	19.00	3	57.00	1	19.00	5	95.00	3	57.00	19.00	247.00	Responics
PNW	302433		253	0	-	0	-	1	125.00	1	125.00	1	125.00	125.00	375.00	Responics
PNW	302465	Responics Softcap Headgear Small	0	0	-	0	-	0	-	0	-	0	-	-	-	Responics
PNW	30902	ResMed Humidaire 2i heated humidifier	15	0	-	0	-	15	-	0	-	0	-	-	-	ResMed
PNW	30927	ResMed Humidaire Cool	30927	0	-	0	-	0	-	0	-	0	-	-	-	ResMed
PNW	30951	ResMed - H2i replacement water chamber	94	1	22.50	2	45.00	0	-	1	22.50	0	-	22.50	90.00	ResMed
PNW	33007	ResMed - S8 Escape	0	0	-	0	-	0	-	0	-	0	-	305.00	-	ResMed
PNW	33021	ResMed - S8 Elite	0	0	-	0	-	0	-	0	-	0	-	305.00	-	ResMed
PNW	33039	ResMed - S8 Elite II	351	0	-	0	-	1	350.00	0	-	0	-	350.00	350.00	ResMed
PNW	33051		0	0	-	0	-	0	-	0	-	0	-	305.00	-	
PNW	33062		0	0	-	0	-	0	-	0	-	0	-	465.00	-	
PNW	33112	ResMed - S8 Autoset Vantage	0	0	-	0	-	0	-	0	-	0	-	-	-	ResMed
PNW	33129		0	0	-	0	-	0	-	0	-	0	-	435.00	-	
PNW	33906	ResMed Humidaire 3i heated humidifier	10	1	-	2	-	2	-	5	-	0	-	-	-	ResMed
PNW	33918	S7 Filter - 50pk	12	0	-	0	-	0	-	0	-	12	756.00	63.00	756.00	ResMed
PNW	33938		33	0	-	6	27.00	0	-	0	-	0	-	4.50	27.00	ResMed
PNW	33942		226.5	0	-	2	88.20	2	88.20	1	44.10	1	44.10	44.10	264.60	ResMed
PNW	33957	ResMed - H3i replacement water chamber	245	0	-	1	22.50	0	-	0	-	1	22.50	22.50	45.00	ResMed
PNW	400441	Fisher & Paykel - Zest Nasal Mask Medium	79	4	240.00	5	300.00	1	60.00	3	180.00	2	120.00	60.00	900.00	Fisher & Paykel
PNW	400440	Fisher & Paykel - Zest nasal mask - Standart	306	1	60.00	2	120.00	0	-	2	120.00	1	60.00	60.00	360.00	Fisher & Paykel
PNW	400439	Fisher & Paykel - Zest nasal mask - Large	551	0	-	5	300.00	2	120.00	2	120.00	2	120.00	60.00	660.00	Fisher & Paykel
PNW	400471	Fisher & Paykel - Forma Face mask-Md/Lrg	97	1	95.00	0	-	0	-	0	-	1	95.00	95.00	190.00	Fisher & Paykel
PNW	400HC103	Fisher & Paykel - Lrg Cushion for HC431A	60	0	-	0	-	0	-	4	56.00	0	-	14.00	56.00	Fisher & Paykel
PNW	400HC104	Fisher & Paykel - Med Cushion for HC431A	105	0	-	0	-	0	-	7	98.00	0	-	14.00	98.00	Fisher & Paykel
PNW	400HC112	Fisher & Paykel - Small Cushion for HC431A	15	1	14.00	0	-	0	-	0	-	0	-	14.00	14.00	Fisher & Paykel
PNW	400HC113	Fisher & Paykel - Small Cushion for HC431A	15	1	14.00	0	-	0	-	0	-	0	-	14.00	14.00	Fisher & Paykel
PNW	400HC115	Fisher & Paykel - Lrg Cushion for HC432L	30	0	-	0	-	0	-	2	28.00	0	-	14.00	56.00	Fisher & Paykel
PNW	400HC116	Fisher & Paykel - Opus HC482 Repl. Pillow - Sm	0	0	-	0	-	0	-	0	-	1	11.00	11.00	88.00	Fisher & Paykel

Warehouse	Code	Description	Actual On-hand	Scottdale	Scottdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value			
PNW	400HC117	Fisher & Paykel - Opus HC482 Repl. Pillow - Med	122	0	-	0	-	0	-	10	110.00	2	22.00	11.00	132.00	Fisher & Paykel
PNW	400HC118	Fisher & Paykel - Opus HC482 Repl. Pillow - Lrg	73	0	-	0	-	0	-	4	66.00	1	11.00	7.10	77.10	Fisher & Paykel
PNW	400HC501	Fisher & Paykel - Cushion/Seal for HC407 - 1 size	106	3	42.00	0	-	0	-	4	56.00	1	14.00	14.00	112.00	Fisher & Paykel
PNW	400HC509	Fisher & Paykel - Cushion/Seal for HC406 - 1 size	138	0	-	0	-	1	14.00	8	112.00	3	42.00	14.00	168.00	Fisher & Paykel
PNW	60000	ResMed - Mirage Vista - Standard nasal	120	0	-	0	-	0	-	2	118.00	0	-	59.00	118.00	ResMed
PNW	60001	ResMed - Mirage Vista - nasal	0	0	-	0	-	0	-	0	-	0	-	59.00	-	ResMed
PNW	60100	ResMed - Mirage Activa - Standard nasal	794	3	195.00	4	260.00	1	65.00	4	260.00	2	130.00	65.00	910.00	ResMed
PNW	60101	ResMed - Mirage Activa - Large nasal	932	0	-	5	325.00	5	325.00	4	260.00	8	520.00	65.00	1,430.00	ResMed
PNW	60102	ResMed - Mirage Activa - Shallow nasal	1452	5	325.00	10	650.00	2	130.00	5	325.00	0	-	65.00	1,430.00	ResMed
PNW	60117	ResMed - replacement cushion - Standard	330	6	114.00	5	95.00	0	-	5	76.00	0	-	19.00	385.00	ResMed
PNW	60118	ResMed Activa replacement cushion - Large	320	5	95.00	2	38.00	7	133.00	2	38.00	0	-	19.00	304.00	ResMed
PNW	60119	ResMed Activa replacement cushion - Shallow	500	7	133.00	1	19.00	14	266.00	3	57.00	0	-	19.00	475.00	ResMed
PNW	60148	ResMed - Mirage Activa LT Nasal Mask - Med	1227.8	5	249.75	14	699.30	2	99.90	3	149.85	5	249.75	49.95	1,448.55	ResMed
PNW	60149	ResMed - Mirage Activa LT Nasal Mask - Lrg	1223.8	5	249.75	9	449.55	9	449.55	1	49.95	1	49.95	49.95	1,248.75	ResMed
PNW	60150	ResMed - Mirage Activa LT Nasal Mask - Lrg Wide	523.5	1	49.95	7	349.65	0	-	2	99.90	14	699.30	49.95	1,980.80	ResMed
PNW	60512	ResMed - Swift II Nasal pillow Mask - Kit	1125	1	74.00	9	666.00	1	74.00	4	296.00	0	-	74.00	1,110.00	ResMed
PNW	60520	ResMed - Swift Pillow sleeve - Small	330	6	84.00	13	182.00	0	-	3	42.00	0	-	14.00	398.00	ResMed
PNW	60521	ResMed - Swift Pillow sleeve - Medium	300	6	84.00	12	168.00	0	-	2	28.00	0	-	14.00	280.00	ResMed
PNW	60522	ResMed - Swift Pillow sleeve - Large	345	8	112.00	14	196.00	0	-	1	14.00	0	-	14.00	322.00	ResMed
PNW	60535	ResMed - Frame Clip	0	0	-	0	-	0	-	0	-	0	-	5.40	-	ResMed
PNW	60541	ResMed - Swift 2 Pillow sleeve - Small	271	0	-	0	-	17	238.00	1	14.00	1	14.00	14.00	266.00	ResMed
PNW	60542	ResMed - Swift 2 Pillow sleeve - Medium	334	8	112.00	4	56.00	4	56.00	6	84.00	4	56.00	14.00	364.00	ResMed
PNW	60543	ResMed - Swift 2 Pillow sleeve - Large	390	1	14.00	0	-	21	294.00	4	56.00	0	-	14.00	364.00	ResMed
PNW	60560	ResMed - Swift LT Nasal pillow Mask - Kit	1193	4	260.00	0	260.00	0	-	6	294.00	0	-	14.00	1,495.00	ResMed
PNW	60571	ResMed - Swift LT Pillow sleeve - Small	286	13	156.00	0	-	0	-	9	108.00	0	-	12.00	264.00	ResMed
PNW	60572	ResMed - Swift LT Pillow sleeve - Medium	286	16	192.00	0	-	2	24.00	4	48.00	0	-	12.00	264.00	ResMed
PNW	60573	ResMed - Swift LT Pillow sleeve - Large	208	13	156.00	0	-	0	-	3	36.00	0	-	12.00	192.00	ResMed
PNW	60574	ResMed - Swift LT Pillow sleeve - Extra Small	26	0	-	0	-	0	-	2	24.00	0	-	12.00	24.00	ResMed
PNW	60588	ResMed - Vista Deep, Cushion only	995	4	260.00	4	260.00	0	-	7	455.00	5	325.00	65.00	1,300.00	ResMed
PNW	60600	ResMed - Ultra Mirage Full - Small Standard	106	0	-	0	-	0	-	1	105.00	0	-	105.00	105.00	ResMed
PNW	60601	ResMed - Ultra Mirage Full - Small Shallow	0	0	-	0	-	0	-	0	-	0	-	105.00	-	ResMed
PNW	60602	ResMed - Ultra Mirage Full - Medium Standard	106	1	105.00	0	-	0	-	0	-	0	-	105.00	105.00	ResMed
PNW	60603	ResMed - Ultra Mirage Full - Medium Shallow	106	0	-	1	105.00	0	-	0	-	0	-	105.00	105.00	ResMed
PNW	60604	ResMed - Ultra Mirage Full - Large Standard	212	0	-	0	-	1	105.00	1	105.00	0	-	105.00	210.00	ResMed
PNW	60605	ResMed - Ultra Mirage Full - Large Shallow	106	0	-	0	-	0	-	1	105.00	0	-	105.00	105.00	ResMed
PNW	60922	ResMed - Vista Deep, Cushion only	0	0	-	0	-	0	-	0	-	0	-	14.00	-	ResMed
PNW	61010	ResMed - Kidsta	60	0	-	0	-	1	59.00	0	-	0	-	59.00	59.00	ResMed
PNW	61102	ResMed - Meridian Mask	4	0	-	4	0	0	-	0	-	0	-	-	-	ResMed
PNW	61200	ResMed - Quattro Full Face- X-small	2123	2	210.00	10	1,050.00	5	525.00	0	315.00	3	315.00	105.00	2,415.00	ResMed
PNW	61201	ResMed - Quattro Full Face- Small	1064	4	420.00	3	315.00	0	-	3	315.00	4	420.00	105.00	1,470.00	ResMed
PNW	61202	ResMed - Quattro Full Face- Medium	1378	3	315.00	3	315.00	4	525.00	3	315.00	0	-	105.00	1,365.00	ResMed
PNW	61203	ResMed - Quattro Full Face- Large	1169	6	630.00	2	210.00	0	-	3	315.00	3	315.00	105.00	1,470.00	ResMed
PNW	61290	ResMed - Quattro FF Cushion - X-Small	198	3	96.00	0	-	2	64.00	1	32.00	0	-	32.00	192.00	ResMed
PNW	61291	ResMed - Quattro FF Cushion - Small	429	7	224.00	0	-	2	64.00	4	128.00	0	-	32.00	416.00	ResMed
PNW	61292	ResMed - Quattro FF Cushion - Medium	396	3	96.00	0	-	5	160.00	4	128.00	0	-	32.00	384.00	ResMed
PNW	61293	ResMed - Quattro FF Cushion - Large	363	3	192.00	0	-	1	32.00	1	128.00	0	-	32.00	352.00	ResMed
PNW	61300	ResMed - Liberty Full Face - Small	954	0	-	7	735.00	0	-	2	210.00	0	-	105.00	945.00	ResMed
PNW	61301	ResMed - Liberty Full Face - Large	1273	2	210.00	4	420.00	3	315.00	3	315.00	1	105.00	105.00	1,365.00	ResMed
PNW	61330	ResMed - Liberty Mouth Cushion - Small	66	0	-	0	-	1	21.00	2	42.00	0	-	21.00	63.00	ResMed
PNW	61331	ResMed - Liberty Mouth Cushion - Large	154	0	-	0	-	5	105.00	2	42.00	0	-	21.00	147.00	ResMed
PNW	61333	ResMed - Liberty Pillows - Small	94	0	-	0	-	3	24.00	7	56.00	0	-	8.00	80.00	ResMed
PNW	61334	ResMed - Liberty Pillows - Medium	50	0	-	0	-	2	16.00	4	32.00	0	-	8.00	48.00	ResMed
PNW	61335	ResMed - Liberty Pillows - Large	63	0	-	0	-	2	16.00	5	40.00	0	-	8.00	56.00	ResMed
PNW	61353	ResMed - Lower Clip-2 pack	0	0	-	0	-	0	-	0	-	0	-	8.10	-	ResMed
PNW	61500		152	0	-	0	-	2	150.00	0	-	0	-	75.00	150.00	ResMed
PNW	61540		228	0	-	0	-	3	225.00	0	-	0	-	75.00	225.00	ResMed
PNW	61601	ResMed -	305.7	0	-	0	-	6	299.70	0	-	0	-	49.95	299.70	ResMed
PNW	61602	ResMed -	152.85	0	-	0	-	3	149.85	0	-	0	-	49.95	149.85	ResMed
PNW	622038	Respironics - Tubing, 6 Ft, Standard Grey	46	0	-	0	-	0	-	10	36.00	0	-	3.60	36.00	Respironics
PNW	900HC010		0	0	-	0	-	0	-	0	-	0	-	-	-	Fisher & Paykel
PNW	900HC011		0	0	-	0	-	0	-	0	-	0	-	-	-	Fisher & Paykel
PNW	900HC012		0	0	-	0	-	0	-	0	-	0	-	-	-	Fisher & Paykel
PNW	900HC427	Fisher & Paykel - HC405A foam & seal cushion - Sm	1	0	-	0	-	0	-	0	-	0	-	14.00	84.00	Fisher & Paykel

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Desc

Main Document

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Warehouse	Code	Description	Actual On-hand	Scottdale	Scottdale Value	Central	Central Value	Mesa	Mesa Value	Estrella	Estrella Value	Std.	Inventory Value			
PNW	900HC428	Fisher & Paykel - HC405A foam & seal cushion - Lg	45	0	-	0	-	0	-	3	42.00	0	-	14.00	42.00	Fisher & Paykel
PNW	D5100	Respironics - M-Series Core Package	0	0	-	0	-	0	-	0	-	0	-	260.00	-	Respironics
PNW	D5300	Respironics - M-Series Core Package with Flex	0	0	-	0	-	0	-	0	-	0	-	325.00	-	Respironics
PNW	D5400HS	Respironics - M-Series Core Package with Flex	0	0	-	0	-	0	-	0	-	0	-	399.00	-	Respironics
PNW	D5450HS	Respironics - RemStar Pro Core Pack w/SD Card	2376	0	-	0	-	1	395.00	5	1,975.00	0	-	395.00	2,370.00	Respironics
PNW	D5500S	Respironics - M-Series Auto w/Flex	0	0	-	0	-	0	-	0	-	0	-	520.00	-	Respironics
PNW	D5510S	Respironics - M-Series Auto w/A Flex	0	0	-	0	-	0	-	0	-	0	-	490.00	-	Respironics
PNW	D5510HS	Respironics - M-Series Auto w/A Flex	0	0	-	0	-	0	-	0	-	0	-	492.00	-	Respironics
PNW	D5550HS	Respironics -	7065	0	-	0	-	15	7,050.00	0	-	0	-	470.00	7,050.00	Respironics
PNW	D5600H	Respironics - M-Series BiPAP Plus w/Bi/Flex Core	0	0	-	0	-	0	-	0	-	0	-	1,010.00	-	Respironics
PNW	D5700HS	Respironics - M-Series BiPAP Auto w/Bi-Flex Core pa	2751	2	1,830.00	1	915.00	-	-	0	-	3	2,745.00	915.00	5,490.00	Respironics
PNW	D5750HS	Respironics - M-Series BiPAP Auto w/Bi-Flex Core pa	10078	2	1,830.00	5	4,575.00	4	3,660.00	0	-	2	1,830.00	915.00	11,895.00	Respironics
PNW	HC234IHU	SleepStyle 234 CPAP with Compliance Data Storage	0	0	-	0	-	0	-	0	-	0	-	210.00	-	
PNW	HC300	Fisher & Paykel - HC300 water chamber	0	0	-	0	-	0	-	0	-	0	-	30.00	-	Fisher & Paykel
PNW	HC325	Fisher & Paykel - HC325 water chamber	0	0	-	0	-	0	-	0	-	0	-	30.00	-	Fisher & Paykel
PNW	HC355	F&P - Reusable/dishwasher safe standard model CPAP	8	0	-	5	-	0	-	0	-	3	-	-	-	
PNW	HC385S	Fisher & Paykel - HC385 water chamber	0	0	-	0	-	0	-	0	-	0	-	8.00	-	Fisher & Paykel
PNW	HC401A	Fisher & Paykel - Acclaim II Nasal Mask	0	0	-	0	-	0	-	0	-	0	-	30.00	-	Fisher & Paykel
PNW	HC405A	Fisher & Paykel - Nasal Mask Standard size HC405A	155	2	60.00	0	-	0	-	3	90.00	0	-	30.00	150.00	Fisher & Paykel
PNW	HC406A	Fisher & Paykel - Nasal Mask Petite Size HC406A	504	2	110.00	2	110.00	3	165.00	2	110.00	0	-	55.00	495.00	Fisher & Paykel
PNW	HC407A	Fisher & Paykel - Nasal Mask Standard size HC407A	504	0	-	0	-	3	165.00	6	330.00	0	-	55.00	495.00	Fisher & Paykel
PNW	HC431A	Fisher & Paykel - Full face mask HC431A	88	1	85.00	0	-	0	-	0	-	2	170.00	85.00	255.00	Fisher & Paykel
PNW	HC432AL	Fisher & Paykel - Full face mask HC432 - Lrg	863	4	340.00	3	255.00	0	-	3	255.00	3	255.00	85.00	1,105.00	Fisher & Paykel
PNW	HC432AM	Fisher & Paykel - Full face mask HC432 - Med	1035	1	85.00	4	340.00	5	425.00	2	170.00	3	255.00	85.00	1,275.00	Fisher & Paykel
PNW	HC432AS	Fisher & Paykel - Full face mask HC432 - Small	1204	1	85.00	4	340.00	7	595.00	2	170.00	0	-	85.00	1,190.00	Fisher & Paykel
PNW	HC452A	Fisher & Paykel - Oracle Oral appliance	516	0	-	5	425.00	0	-	1	85.00	0	-	85.00	510.00	Fisher & Paykel
PNW	HC482A	Fisher & Paykel - Opus Nasal Pillows Mask	899	2	110.00	9	495.00	4	220.00	1	55.00	3	165.00	55.00	1,045.00	Fisher & Paykel
PNW	HY8500	Innomed Hybrid Nasal Pillow/Oral Mask	0	0	-	0	-	0	-	0	-	0	-	125.00	-	
PNW	K2LG	InnoMed - Nasal Aire II - Nasal Pillows Mask- LG	0	0	-	0	-	0	-	0	-	0	-	-	-	
PNW	K2MP	InnoMed - Nasal - Aire II - Nasal Pillows- Med	0	0	-	0	-	0	-	0	-	0	-	-	-	
PNW	K2SM	InnoMed - Nasal - Aire II - Nasal Pillows- SM	0	0	-	0	-	0	-	0	-	0	-	-	-	
PNW	TCF-142	Respironics - Solo/Virtuoso Ultrafine filters-Disp	201.22	0	-	30	12.60	61	25.62	0	-	72	30.24	0.42	68.46	Roscoe
PNW	TCF-145	Respironics - Remstar-Ultra fine filters Disp	416.75	55	68.75	56	70.00	24	30.00	20	25.00	68	85.00	1.25	278.75	Roscoe
PNW	TCF-147	Respironics - BiPap Pro/Plus Ultrafine filter-Disp	0	0	-	0	-	0	-	0	-	0	-	1.29	-	Roscoe
PNW	TCF-149	Respironics - M-series Ultra fine filters Disp.	280.58	0	-	110	37.40	70	23.80	7	2.38	30	10.20	0.34	73.78	Roscoe
PNW	TCF-176	NPB - 420g disposable filter	0	0	-	0	-	0	-	0	-	0	-	2.50	-	Roscoe
PNW	TCF-242	Respironics - Solo/Virtuoso/Aria Non-Disposable F	4	0	-	0	-	0	-	0	-	4	9.56	2.39	9.56	Roscoe
PNW	TCF-245	Respironics - Remstar Pollen Non Disposable Filter	75.44	32	28.10	0	-	0	-	6	5.28	4	3.52	0.88	36.96	Roscoe
PNW	TCF-247	Respironics - BiPap Pro w/Bi-Flex Non Disposable	77.2	0	-	20	57.80	0	-	0	-	0	-	2.89	57.80	Roscoe
PNW	TCF-249	Respironics - M-Series Non Disposable Filter	161.48	63	39.69	12	7.56	17	10.71	4	2.52	5	3.15	0.63	63.63	Roscoe
PNW	TCF-276	NPB - 420g Foam filter Non Disposable	11.4	0	-	0	-	6	5.40	0	-	0	-	0.90	5.40	Roscoe
PNW	TCF-508	ResMed - 56 filters	7	0	-	0	-	0	-	0	-	7	4.13	0.59	4.13	Roscoe
PNW	TCF-510	ResMed - 57 filters	63	0	-	30	15.00	0	-	12	6.00	0	-	0.50	21.00	Roscoe
PNW	TCF-511	ResMed - 58 filters	131.5	35	17.50	0	-	22	11.00	24	12.00	10	5.00	0.50	45.50	Roscoe
PNW	TMS-08	Tiara (Respironics) - Deluxe Chin Strap	156.3	3	29.85	2	19.90	0	-	9	89.55	3	29.85	9.95	169.15	Roscoe
PNW	TMS-09S	Tiara Ruby Red Chin Strap- Small	67	3	36.00	0	-	2	24.00	0	-	2	24.00	12.00	84.00	Roscoe
PNW	TMS-09M	Tiara Ruby Red Chin Strap- Medium	93	0	-	5	60.00	2	24.00	0	-	2	24.00	12.00	108.00	Roscoe
PNW	TMS-09L	Tiara Ruby Red Chin Strap- Large	65	5	60.00	0	-	0	-	0	-	0	-	12.00	60.00	Roscoe
PNW	TMS-3034S	Tiara - Snapp X Direct Nasal Interface Mask	0	0	-	0	-	0	-	0	-	0	-	84.50	-	Roscoe
PNW	TSB-10GLT	Tubing - 10 foot	0	0	-	0	-	0	-	0	-	0	-	3.95	-	Roscoe
PNW	TSB-6GLT	Tubing, Standard 6 ft	79	20	59.00	0	-	0	-	0	-	0	-	2.95	59.00	Roscoe
PNW	TSB-8GLT	Tubing - 8 foot	84.15	7	27.65	0	-	0	-	10	39.50	0	-	3.95	67.15	Roscoe
					22,005.17		30,662.99		48,839.02		20,931.96		24,090.99		146,529.53	

EXHIBIT "A"

BID PROCEDURES

Set forth herein are the bidding procedures (the “Bidding Procedures”) to be employed with respect to the proposed sale (the “Sale”) of substantially all of the assets of Areté Sleep, LLC, Areté Sleep Therapy, LLC Areté Holdings, LLC, Areté NW, LLC, and Areté Sleep Therapy NW, LLC (collectively, the “Debtors”). On January 25, 2011, the Debtors executed that certain Asset Purchase Agreement (the “Agreement”) with Sleep Science, Inc. (the “Proposed Purchaser”).¹ The transaction contemplated by the Agreement is subject to competitive bidding as set forth herein and approval by the Bankruptcy Court (as defined herein) pursuant to sections 363 and 365 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), and certain other closing conditions.

On January 26, 2011, the Debtors filed the Debtors’ Motion for an Order Approving Sale of Debtors’ Assets Under Asset Purchase Agreement Free and Clear of Liens, Claims and Encumbrances; Approving Assumption and Assignment of Unexpired Leases and Executory Contracts; and For an Emergency Hearing on Approval of Certain Auction and Bid Procedures, Including a Break-Up Fee; Setting Date and Time for Hearing on Proposed Sale; and Approving Form and Notice of Auction and Sale Hearing (the “Sale Motion”). On _____ 2011, the United States Bankruptcy Court for the District of Arizona (the “Bankruptcy Court”) entered the Order (i) Approving Bid Procedures, (ii) Granting Certain Bid Protections, (iii) Approving Form And Manner Of Sale Notices, And (iv) Setting Sale Hearing Date In Connection With Sale Of Substantially All the Debtors’ Assets (the “Bid Procedures Order”). The Bid Procedures Order set _____, 2011 as the date when the Bankruptcy Court will conduct a hearing (the “Sale Hearing”) to authorize the Debtors to enter into the Agreement.

The Bid Procedures set forth herein describe, among other things, the assets available for sale, the manner in which bidders and bids become Qualified Bidders and Bids, respectively, the coordination of diligence efforts among bidders, the receipt and negotiation of bids received, the conduct of any subsequent Auction (as defined herein), and the ultimate selection of the Successful Bidder(s) (as defined herein). The Debtors intend to consult with, among others, the United States Trustee and, if appointed, the official committee of unsecured creditors (the “Creditors’ Committee”) throughout the sale process. In the event that the Debtors and any party disagree as to the interpretation or application of these Bid Procedures, the Bankruptcy Court will have jurisdiction to hear and resolve such dispute.

1. Assets To Be Sold. With the exception of those assets designated as Excluded Assets in the Agreement, the Purchased Assets include all Debtors’ rights, title and interest in, to and under all assets, rights and properties of the Business (whether real, personal or mixed, tangible and intangible, and of every kind, character and description), which are used, or held for use, in the Business (including the Business as a going concern) or otherwise including any Seller's rights in: (i) tangible personal property, (ii) inventory; (iii) assumed contracts, (iv) business proprietary rights; (v) files and records; (vi) licenses; (vii) security deposits; (viii) warranties; (ix) claims; (x) certifications; and (xi) goodwill.
2. As Is, Where Is. The sale of the Acquired Assets will be on an “as is, where is” basis and without representations or warranties of any kind, nature, or description by the Debtors, their

¹ All capitalized terms used but not otherwise defined in these Bid Procedures have the meanings ascribed to them in the Agreement.

agents, or estates, except, with respect to the Proposed Purchaser, to the extent set forth in the Agreement and, with respect to a Successful Bidder (as defined herein), to the extent set forth in the relevant purchase agreement of such Successful Bidder approved by the Bankruptcy Court.

3. Free Of Any And All Encumbrances. All of the Debtors' right, title, and interest in and to the Purchased Assets, or any portion thereof, to be acquired will be sold free and clear of all Liens except the Permitted Liens (as such terms are defined in the Agreement), and such Liens will attach to the net proceeds of the sale of such Purchased Assets.
4. Participation Requirements. Any person who wishes to participate in the bidding process (a "Potential Bidder") must become a Qualified Bidder. As a prerequisite to becoming a Qualified Bidder, a Potential Bidder, other than the Purchaser, must deliver (unless previously delivered) to the Debtors and their counsel at the addresses provided below, unless otherwise ordered by the Bankruptcy Court or as otherwise determined by Debtors in their sole discretion:
 - a. An executed confidentiality agreement in form and substance satisfactory to Debtors;
 - b. Current audited financial statements of the Potential Bidder, or, if the Potential Bidder is an entity formed for the purpose of acquiring the Purchased Assets, including a portion of the Purchased Assets, current audited financial statements of the equity holders of the Potential Bidder, who will guarantee the obligations of the Potential Bidder, or such other form of financial disclosure and credit-quality support or enhancement acceptable to the Debtors;
 - c. A preliminary (non-binding) proposal reflecting: (i) the purchase price range, (ii) any assets and/or equity interests expected to be excluded, (iii) the structure and financing of the transaction, (iv) any anticipated regulatory approvals required to close the transaction, (v) the anticipated time frame and any anticipated impediments for obtaining such approvals, (vi) any additional conditions to closing that the Potential Bidder may wish to impose, and (vii) the nature and extent of any additional due diligence that the qualified bidder may wish to conduct and the date by which such due diligence would be completed.

A Potential Bidder who satisfies the requirements above and whose financial information and credit-quality support or enhancement demonstrate the financial capability of such Potential Bidder to consummate the Sale if selected as a Successful Bidder, and who the Debtors determine is likely (based on availability of financing, experience, and other considerations) to be able to consummate the Sale within the time frame provided by the Agreement, will be deemed a "Qualified Bidder." Notwithstanding the foregoing, the Proposed Purchaser will be deemed a Qualified Bidder for purposes of the bidding process. As promptly as practicable after a Potential Bidder delivers all of the materials required above, the Debtors will determine, and will notify the Potential Bidder, whether such Potential Bidder is a Qualified Bidder. At the same time that the Debtors notify the Potential Bidder that it is a Qualified Bidder, the Debtors will then promptly allow the Qualified Bidder to begin to conduct due diligence with respect to the Purchased Assets and the Business as described below.

- 1 5. Due Diligence. The Debtors will afford each Qualified Bidder due diligence access to the
2 Purchased Assets and the Business Due diligence access may include such management
3 presentations as may be scheduled by Debtors, access to data rooms, on site inspections, and
4 such other matters which a Qualified Bidder may request and as to which the Debtors may
5 agree. The Debtors will designate an employee or other representative to coordinate all
6 reasonable requests for additional information and due diligence access from Qualified
7 Bidders. Any additional due diligence will not continue after the Bid Deadline. The Debtors
8 may, in their discretion, coordinate diligence efforts such that multiple Qualified Bidders have
9 simultaneous access to due diligence materials and/or simultaneous attendance at management
10 presentations or site inspections. The Debtors (or any of their respective representatives) shall
11 not be obligated to furnish any information relating to Purchased Assets and the Business to
12 any Person other than to Qualified Bidders who make an acceptable preliminary proposal.
- 13 6. Bid Deadline. A Qualified Bidder who desires to make a bid must deliver the Required Bid
14 Documents to: (i) Areté Holdings, LLC, Attention: Daniel Dempsey, 6263 North Scottsdale
15 Road, Suite 395, Scottsdale, Arizona 85250; (ii) Reed Smith LLP, Attention: Ann E. Pille, 10
16 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (iii) True North Partners, LLC, 8455
17 North 90th Street, Suite 4, Scottsdale, Arizona 85258; (iv) the Office of the United States
18 Trustee, 230 N. 1st Avenue, Suite 204, Phoenix, Arizona 85003; so as to be received not later
19 than _____ a.m. (prevailing Mountain time) on _____, 2011 (the “Bid
20 Deadline”). The Debtors may extend the Bid Deadline once or successively, but are not
21 obligated to do so. If the Debtors extends the Bid Deadline, they will promptly notify all
22 Qualified Bidders of such extension.
- 23 7. Bid Requirements. All bids must include the following documents (the “Required Bid
24 Documents”):
- 25 a. A letter stating that the bidder’s offer is irrevocable until two Business Days after the
 - 26 closing of the Sale of the Purchased Assets.
 - 27 b. A complete, comprehensive, and binding asset purchase agreement, together with all
 - 28 schedules and exhibits to such agreement (a “Competing Agreement”)
 - c. A good faith deposit (the “Good Faith Deposit”) in the form of a certified bank check
from a U.S. bank or by wire transfer (or other form acceptable to the Debtors in their
sole discretion) payable to the order of Arete Holdings, LLC (or such other party as the
Debtors may determine) in an amount equal to 10% of the purchase price identified in
the Competing Agreement.
 - d. Written evidence of a commitment for financing, or other evidence of ability to
consummate the proposed transaction, that is satisfactory to the Debtors and their
advisors.
8. Consideration of Qualified Bids. A bid will be considered only if the bid:
- a. Is not conditioned on obtaining financing or on the outcome of unperformed due
diligence by the Qualified Bidder.
 - b. Proposes a transaction on terms and conditions (other than the amount of the
consideration and the particular liabilities being assumed) that the Debtors determine

are similar to and are not materially more burdensome or conditional than those contained in the Agreement and that has a value, either individually or, when evaluated in conjunction with any other Qualified Bid, greater than or equal to the sum of the Purchase Price, plus the amount of the Break-Up Fee and Expense Reimbursement, plus: (i) in the case of the initial Qualified Bid, \$190,000, and (ii) in the case of any subsequent Qualified Bids, \$50,000 over the immediately preceding highest Qualified Bid.

- c. Is not conditioned upon (A) any bid protections, such as a break-up fee, termination fee, expense reimbursement, or similar type of payment and (B) such bid being deemed the Successful Bid by the Debtors.
- d. Includes an acknowledgement and representation that the bidder: (A) has had an opportunity to conduct any and all due diligence regarding the Purchased Assets prior to making its offer, (B) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Purchased Assets in making its bid, (C) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Purchased Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Agreement or a Competing Agreement.
- e. Includes a commitment to consummate the purchase of the Purchased Assets (including the receipt of any required Governmental Approvals) within not more than 15 days after entry of the Sale Approval Order, or in the case of any governmental approvals, 60 days after entry of such order.
- f. Is received by the Bid Deadline.

A bid received from a Qualified Bidder will constitute a "Qualified Bid" only if it includes all of the Required Bid Documents and meets all of the above requirements; provided, however, the Debtors will have the right to entertain bids for the Purchased Assets that do not conform to one or more of the requirements specified in this section, and may deem such bids to be Qualified Bids, including bids for a portion of the Purchased Assets. Notwithstanding the foregoing, the Agreement will be deemed a Qualified Bid, for all purposes in connection with the Bid Process, the Auction, and the Sale. A Qualified Bid will be valued based upon factors such as the net value provided by such bid and the likelihood and timing of consummating such transaction. Each Qualified Bid other than that of the Proposed Purchaser is referred to herein as a "Subsequent Bid."

If the Debtors do not receive any Qualified Bids other than the Agreement received from the Proposed Purchaser, the Debtors will report the same to the Bankruptcy Court and will request approval of the Sale pursuant to the terms of the Agreement as soon as reasonably practicable after the Bid Deadline.

9. Bid Protection Recognizing the Proposed Purchaser's expenditure of time, energy, and resources, the Debtors have agreed to provide certain bidding protections to the Proposed Purchaser. Specifically, the Debtors have determined that the Agreement furthers the goals of the Bid Procedures by setting a floor which all other Qualified Bids must exceed. As a result, the Debtors have agreed that if they do not close with the Proposed Purchaser because the

Debtors consummate an Alternative Transaction, as that term is defined herein, and the Proposed Purchaser is not in breach of the Agreement or the Bidding Procedures, the Debtors will, in certain circumstances, pay to the Proposed Purchaser a Break-Up Fee and Expense Reimbursement. The payment of the Break-Up Fee and Expense Reimbursement will be governed by the provisions of the Agreement and the Bid Procedures Order.

10. Auction If the Debtors receive one or more Qualified Bids in addition to the Agreement, the Debtors will conduct an auction (the "Auction") of the Purchased Assets and the Business upon notice to all Qualified Bidders who have submitted Qualified Bids at _____ (prevailing Mountain time) on _____, 2011 at the offices of Stinson Morrison Hecker LLP, 1850 N. Central Avenue, Suite 2100, Phoenix, Arizona 85004, or such later time or other place as the Debtors will notify all Qualified Bidders who have submitted Qualified Bids (but in no event later than _____, 2011), in accordance with the following procedures:

- a. Only the Debtors, the Proposed Purchaser, a representative of the Office of the United States Trustee, a representative of True North Partners, LLC, and any Qualified Bidder who has timely submitted a Qualified Bid will be entitled to attend the Auction, and only the Proposed Purchaser and other Qualified Bidders will be entitled to make any subsequent Qualified Bids at the Auction.
- b. At least two Business Days prior to the Auction, each Qualified Bidder who has timely submitted a Qualified Bid must inform the Debtors whether it intends to participate in the Auction, and, at least one Business Day prior to the Auction, the Debtors will provide copies of the Qualified Bid or combination of Qualified Bids which the Debtors believe is the highest or otherwise best offer (the "High Bid") to all Qualified Bidders who have informed the Debtors of their intent to participate in the Auction.
- c. All Qualified Bidders will be entitled to be present for all Subsequent Bids with the understanding that the true identity of each bidder will be fully disclosed to all other bidders and that all material terms of each Subsequent Bid will be fully disclosed to all other bidders throughout the entire Auction.
- d. The Debtors may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances (e.g., the amount of time allotted to make Subsequent Bids), provided that such rules are not inconsistent with these Bid Procedures, the Bankruptcy Code, the Bankruptcy Rules, or any order of the Bankruptcy Court entered in connection herewith.
- e. Bidding at the Auction will begin with the High Bid and continue, on terms and conditions identical to the High Bid (other than the name of the purchaser(s)) in minimum increments of at least \$50,000 higher than the previous bid or bids. The Auction will continue in one or more rounds of bidding and will conclude after each Qualified Bidder has had the opportunity to submit one or more additional Subsequent Bids with full knowledge and written confirmation of the then-existing highest bid or bids. For the purpose of evaluating the value of the consideration provided by Subsequent Bids (including any Subsequent Bid by the Proposed Purchaser), the Debtors may give effect to any Break-Up Fee that may be payable to the Proposed Purchaser under the Agreement.

1 11. Selection Of Successful Bid. At the conclusion of the foregoing Auction, the Debtors will
2 identify the highest offer(s) for the Purchased Assets and the Business received at the Auction
(the "Successful Bid(s)") and the bidder(s) making such bid, the "Successful Bidder(s)").

3 The Debtors will sell the Purchased Assets for the highest Qualified Bid to the Successful
4 Bidder upon the approval of such Qualified Bid by the Bankruptcy Court after the Sale
Hearing.

5 The Debtors' presentation of a particular Qualified Bid to the Court for approval does not
6 constitute the Sellers' acceptance of the bid. The Debtors will be deemed to have accepted a
bid only when the bid has been approved by the Bankruptcy Court at the Sale Hearing.

7 12. Objections to the Sale Motion. Objections to the Sale Motion, if any, shall be filed and served
8 no later than _____ (prevailing Mountain time) on _____, 2011 (the
9 "Objection Deadline"). The failure of any objecting person or entity to timely file and serve its
10 objection by the Objection Deadline shall be a bar to the assertion, at the Sale Hearing or
11 thereafter, of any objection to the Sale Motion, the Sale, or the Debtors' consummation and
12 performance of the Agreement (including the transfer of the Purchased Assets and the
Assumed Contracts free and clear of liens, claims, and encumbrances), with the exception of
any objection to the conduct of the Auction or the Debtors' selection of the Successful Bidder,
which may be made two business days following the end of the Auction or at the Sale Hearing,
whichever is earlier.

13 13. The Sale Hearing. The Sale Hearing will be held before the Honorable Redfield T. Baum,
14 United States Bankruptcy Judge, United States Bankruptcy Court for the District of Arizona,
230 N. 1st Avenue, Courtroom 703, Phoenix, Arizona, 80053, on _____,
15 2011, at _____ (prevailing Mountain time), but may be adjourned or rescheduled in the
16 Debtors' discretion, subject to Bankruptcy Court approval, as necessary, without further notice
other than an announcement of the adjourned date at the Sale Hearing. If the Debtors do not
17 receive any Qualified Bids (other than the Qualified Bid of the Proposed Purchaser), the
Debtors will report the same to the Bankruptcy Court at the Sale Hearing and will proceed
18 with a sale of the Purchased Assets to the Proposed Purchaser following entry of the Sale
Order. If the Debtors do receive additional Qualified Bids, then, at the Sale Hearing, the
19 Debtors will seek approval of the Successful Bid(s) as well as the second highest or best
Qualified Bid(s) (the "Alternate Bid(s)," and such bidder(s), the "Alternate Bidder(s)").
20 Following approval of the Sale to the Successful Bidder(s), if the Successful Bidder(s) fail(s)
to consummate the sale because of: (i) failure of a condition precedent beyond the control of
21 either the Debtors or the Successful Bidder(s) or (ii) a breach or failure to perform on the part
of such Successful Bidder(s), then the Alternate Bid(s) will be deemed to be the Successful
22 Bid(s) and the Debtors will be authorized, but not directed, to effectuate a sale to the Alternate
Bidder(s) subject to the terms of the Alternate Bid(s) of such alternate Bidder(s) without
23 further order of the Bankruptcy Court.

24 14. Return Of Good Faith Deposits. The Good Faith Deposits of all Qualified Bidders (except for
25 the Successful Bidder) will be held in an interest-bearing escrow account and all Qualified
Bids will remain open (notwithstanding Bankruptcy Court approval of a sale pursuant to the
26 terms of one or more Successful Bids by one or more Qualified Bidders) until two Business
Days following the closing of the Sale (the "Return Date"). Notwithstanding the foregoing, the
27 Good Faith Deposit, if any, submitted by the Successful Bidder(s), together with interest
thereon, will be applied against the payment of the Purchase Price upon closing of the Sale to
28

1 the Successful Bidder(s). If a Successful Bidder breaches its obligations under the Bid
2 Procedures Order or any agreement entered into with respect to its Successful Bid or fails to
3 consummate a sale because of a breach or failure to perform on the part of such Successful
4 Bidder, the Debtors will not have any obligation to return the Good Faith Deposit deposited by
5 such Successful Bidder, and such Good Faith Deposit will irrevocably become property of the
6 Debtors' estates. On the Return Date, the Debtors will return the Good Faith Deposits of all
7 other Qualified Bidders, together with the accrued interest thereon.

8
9 15. Reservations Of Rights. The Debtors: (i) may determine which Qualified Bid, if any, is the
10 highest or otherwise best offer and (ii) may at any time reject any bid (other than the Proposed
11 Purchaser's initial bid) that is: (a) inadequate or insufficient, (b) not in conformity with the
12 requirements of the Bankruptcy Code, the Bid Procedures, or the terms and conditions of the
13 Sale, or (c) contrary to the best interests of the Debtors, their estates, and their stakeholders as
14 determined by the Debtors in their sole discretion.

15
16 16. Notice to Non-Debtor Parties In Interest. The Debtors shall give notice of the Proposed Sale,
17 the Auction, and these Bid Procedures as follows:

18
19 a. Within two business days after entry of the Bid Procedures Order (the "Mailing Date"),
20 the Debtors (or their agent) shall serve a copy of the Sale Motion, the Agreement, the
21 proposed Sale Approval Order, these Bid Procedures, and a copy of the Bid Procedures
22 Order by overnight mail, postage prepaid, upon (i) the Office of the United States
23 Trustee for the District of Arizona, (ii) counsel for the Proposed Purchaser, (iii) counsel
24 for the official committee of unsecured creditors, if any, appointed in these chapter 11
25 cases, (iv) counsel for True North Partners, LLC, (v) all entities known to have
26 expressed an interest in a transaction with respect to the Purchased Assets during the
27 past six months, (vi) all entities known to have asserted any lien, claim, interest, or
28 encumbrance in or upon the Purchased Assets, (vii) all United States federal, state, and
local regulatory or taxing authorities or recording offices, including but not limited to
environmental regulatory authorities, which have a reasonably known interest in the
relief requested by the Motion, (viii) all counter-parties to the Assumed Contracts, and
(ix) the Internal Revenue Service.

a. On or before _____, 2011, the Debtors shall file with this Court and
serve on all non-Debtor counterparties to the Assumed Contracts a notice (the
"Assumption/Assignment Notice"), substantially in the form of the notice attached to
the Bid Procedures Order as Exhibit 2, identifying the Proposed Purchaser as the party
which will be assigned all of the Debtors' right, title, and interest in the Assumed
Contracts, subject to completion of the bidding process provided under the Bid
Procedures. The non-Debtor counterparty to an Assumed Contract shall have until the
Objection Deadline to object to the proposed assumption and assignment to the
Proposed Purchaser on any basis, including, but not limited to: (i) an objection to the
Cure Amount identified in the Assumption/Assignment Notice; (ii) an objection to any
perceived or actual inability of the Proposed Purchaser to provide adequate assurance of
future performance; and/or (c) an objection on account of a postpetition default. Any
objections to the assumption and assignment of an Assumed Contract to the Proposed
Purchaser must: (v) be in writing, (w) state with specificity the reasons for such
objection, (x) conform to the Federal Rules of Bankruptcy Procedure, and the Local
Bankruptcy Rules for the District of Arizona, (y) be filed with the Bankruptcy Court,

1 and (z) be served so that they are actually received by the Objection Deadline by: (A)
2 Areté Holdings, LLC, Attention: Daniel Dempsey, 6263 North Scottsdale Road, Suite
3 395, Scottsdale, Arizona 85250; (B) Reed Smith LLP, Attention: Ann E. Pille, 10 S.
4 Wacker Drive, Suite 4000, Chicago, Illinois 60606; (C) True North Partners, LLC, 8455
5 North 90th Street, Suite 4, Scottsdale, Arizona 85258; (D) the Office of the United
6 States Trustee, 230 N. 1st Avenue, Suite 204, Phoenix, Arizona 85003; and (E) Sleep
7 Science, Inc., Attention: Mark Hanley, c/o Clinical Research Advantage Holdings,
8 LLC, 2141 East Broadway Road, Tempe, Arizona 85282. Any non-debtor party to an
Assumed Contract must state in its objection, with specificity, the legal and factual
basis of its objection. If no objection is timely received, the non-Debtor counterparty to
the Assumed Contract shall be deemed to have consented to the assumption and
assignment of the Assumed Contract to the Proposed Purchaser and shall be forever
barred from asserting any objection with regard to the assumption and assignment.

- 9 c. On or before _____, 2011, the Debtors' shall cause a notice (the
10 "Qualified Bidder Assumption/Assignment Notice"), substantially in the form of the
11 notice attached to the Bid Procedures Order as Exhibit 3, to be sent to each non-Debtor
12 party to an Assumed Contract identifying: (i) any contract that has been designated as
13 an Assumed Contract in any Qualified Bid, and (ii) all Qualified Bidders. Each non-
14 Debtor counterparty to an Assumed Contract shall have until the Objection Deadline to
15 object to the proposed assumption and assignment to any Qualified Bidder on any basis,
16 including, but not limited to: (i) an objection to the Cure Amount identified in the
17 Qualified Bidder Assumption/Assignment Notice; (ii) an objection to any perceived or
18 actual inability of the Qualified Bidder to provide adequate assurance of future
19 performance; and/or (c) an objection on account of a postpetition default. Any
20 objections to the assumption and assignment of an Assumed Contract to a Qualified
21 Bidder, who may ultimately become the Successful Bidder, must: (v) be in writing, (w)
22 state with specificity the reasons for such objection, (x) conform to the Federal Rules of
23 Bankruptcy Procedure, and the Local Bankruptcy Rules for the District of Arizona, (y)
24 be filed with the Bankruptcy Court, and (z) be served so that they are actually received
25 by the Objection Deadline by: (A) Areté Holdings, LLC, Attention: Daniel Dempsey,
26 6263 North Scottsdale Road, Suite 395, Scottsdale, Arizona 85250; (B) Reed Smith
27 LLP, Attention: Ann E. Pille, 10 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606;
28 (C) True North Partners, LLC, 8455 North 90th Street, Suite 4, Scottsdale, Arizona
85258; (D) the Office of the United States Trustee, 230 N. 1st Avenue, Suite 204,
Phoenix, Arizona 85003; and (E) Sleep Science, Inc., Attention: Mark Hanley, c/o
Clinical Research Advantage Holdings, LLC, 2141 East Broadway Road, Tempe,
Arizona 85282. Any non-debtor party to an Assumed Contract must state in its
objection, with specificity, the legal and factual basis of its objection. If no objection is
timely received, the non-Debtor counterparty to the Assumed Contract shall be deemed
to have consented to the assumption and assignment of the Assumed Contract to the
Successful Bidder and shall be forever barred from asserting any objection with regard
to the assumption and assignment.

EXHIBIT "B"

C. Taylor Ashworth, AZ Bar No. 10143
Josh Kahn, AZ Bar No. 26284
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Proposed Attorneys for Debtors and Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re

ARETE HOLDINGS, LLC,

Debtor.

Chapter 11

Case No. 2:11-bk-02009-RTB
(Joint Administration Pending)
Case No. 2:11-bk-02010;
Case No. 2:11-bk-02011;
Case No. 2:11-bk-02012; and
Case No. 2:11-bk-02020

This filing applies to: ☒ All Debtors
☐ Arete Holdings, LLC
☐ Arete NW, LLC
☐ Arete Sleep Therapy NW, LLC
☐ Arete Sleep, LLC
☐ Arete Sleep Therapy, LLC

**ORDER (I) APPROVING BID
PROCEDURES, (II) GRANTING CERTAIN
BID PROTECTIONS, (III) APPROVING
FORM AND MANNER OF SALE NOTICES,
AND (IV) SETTING SALE HEARING DATE
IN CONNECTION WITH SALE OF
SUBSTANTIALLY ALL THE DEBTORS'
ASSETS**

Hearing Date: None
Hearing Time:
Location: Courtroom #703
230 N First Ave
Phoenix AZ 85003

Upon the Debtors' Motion for an Order Approving Sale of Debtors' Assets Under Asset
Purchase Agreement Free and Clear of Liens, Claims and Encumbrances; Approving Assumption and
Assignment of Unexpired Leases and Executory Contracts; and For an Emergency Hearing on

1 Approval of Certain Auction and Bid Procedures, Including a Break-Up Fee; Setting Date and Time
2 for Hearing on Proposed Sale; and Approving Form and Notice of Auction and Sale Hearing (the "Sale
3 Motion"), dated January 26, 2011, of Areté Holdings, LLC, Areté NW, LLC, Areté Sleep, LLC,
4 Areté Sleep Therapy, LLC, and Areté Sleep Therapy NW, LLC (collectively, the "Debtors"), Debtors
5 and Debtors-In-Possession in the above-captioned matter, and upon the record of the hearing held on
6 _____, 2011 (the "Bid Procedures Hearing"); and after due deliberation thereon, and
7 sufficient cause appearing therefor,

8 IT IS HEREBY FOUND AND DETERMINED THAT:

9 A. The Court has jurisdiction over this matter and over the property of the Debtors and
10 their respective bankruptcy estates pursuant to 28 U.S.C. §§ 157(a) and 1334.

11 B. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (N), and (O).

12 C. The relief requested in the Motion and granted herein is in the best interests of the
13 Debtors' their estates, and other parties-in-interest.

14 D. The notice of the Motion and the Bid Procedures Hearing given by the Debtors
15 constitutes due and sufficient notice thereof.

16 E. The Debtors have articulated good and sufficient reasons for the Court to (i) approve the
17 Bid Procedures, (ii) grant certain bid protections as provided in the Agreement and this order, (iii)
18 approve the manner of notice of the Motion, the Sale Hearing, and the assumption and assignment of
19 the Assumed Contracts, (iv) approve the form of notice of the Motion and the Sale Hearing to be
20 distributed to parties-in-interest, including prospective bidders, (v) approve the form of notice of the
21 assumption and assignment of the Assumed Contracts to be filed with the Court and served on the non-
22 Debtor counterparties thereto, and (vi) set the Sale Hearing.

23 F. The Break-Up Fee and the Expense Reimbursement, as those terms are defined in the
24 Agreement: (i) may be payable in accordance with the terms, conditions, and limitations of the
25 Agreement, (ii) if triggered, shall be deemed actual and necessary costs and expenses of preserving the
26 Debtors' estates, within the meaning of sections 503 and 507 of the Bankruptcy Code, (iii) are of
27 substantial benefit to the Debtors' estates, (iv) are reasonable and appropriate, including in light of the
28 size and nature of the proposed sale and the efforts that have been and will be expended by the

1 Proposed Purchaser notwithstanding that the proposed sale is subject to higher or better offers for the
2 Purchased Assets, (v) were negotiated by the parties at arms' length and in good faith, and (vi) are
3 necessary to ensure that the Proposed Purchaser will continue to pursue the proposed acquisition of the
4 Purchased Assets. The Break-Up Fee and Expense Reimbursement were material inducements for, and
5 conditions of, the Proposed Purchaser's entry into the Agreement. The Proposed Purchaser is unwilling
6 to commit to hold open its offer to purchase the Purchased Assets under the terms of the Agreement
7 unless it is assured of payment of the Break-Up Fee and the Expense Reimbursement. Thus, assurance
8 to the Proposed Purchaser of payment of the Break-Up Fee and Expense Reimbursement should
9 promote more competitive bidding by inducing the Proposed Purchaser to hold its bid open. Without
10 the Break-Up Fee and the Expense Reimbursement, other bidding would be limited. Further, because
11 the Break-Up Fee and Expense Reimbursement induced the Proposed Purchaser to submit a bid that
12 will serve as a minimum or floor bid on which other bidders can rely, the Proposed Purchaser has
13 provided a benefit to the Debtors' estates by increasing the likelihood that the price at which the
14 Purchased Assets are sold will reflect their true worth. Finally, absent authorization of the Break-Up
15 Fee and the Expense Reimbursement, the Debtors may lose the opportunity to obtain the highest or
16 otherwise best available offer for the Purchased Assets.

17 G. The Bid Procedures attached hereto as Exhibit 1 (the "Bid Procedures") are reasonable
18 and appropriate and represent the best method for maximizing the realizable value of the Purchased
19 Assets.

20 THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED THAT:

21 **Bid Procedures**

22 1. The Bid Procedures, incorporated herein by reference as if fully set forth herein, are
23 hereby approved and shall govern all events relating to the Agreement, any subsequent bids for the
24 Purchased Assets in these cases, and the Auction, if applicable.

25 2. The Debtors may: (i) determine, in their business judgment, which Qualified Bid is the
26 highest or otherwise best offer, (ii) consult with the representative of any official committee or
27 significant constituent in connection with the Bid Procedures, and (iii) reject, at any time before entry
28 of an order of the Court approving a Qualified Bid, any bid (other than the Proposed Purchaser's bid)

1 which is (a) inadequate or insufficient, (b) not in conformity with the requirements of the Bankruptcy
2 Code or the Bid Procedures, or (c) contrary to the best interests of the Debtors or their estates. The
3 Debtors are authorized: (x) to terminate the bid process or the Auction at any time if they determine, in
4 their business judgment, that the bidding process will not maximize the value of the Purchased Assets
5 to be realized by the Debtors' estates, and (y) to seek Bankruptcy Court approval of the Agreement. If
6 the Debtors do not receive any Qualified Bids other than the Agreement received from the Proposed
7 Purchaser, or should the Debtors terminate the bidding process or the Auction as set forth above, the
8 Debtors shall report the same to the Bankruptcy Court and shall proceed with the proposed sale
9 pursuant to the terms of the Agreement.

10 **Sale Hearing**

11 3. The Court shall hold a Sale Hearing on _____, 2011 at _____
12 (prevailing Mountain time), before the Honorable Redfield T. Baum, United States Bankruptcy Judge,
13 United States Bankruptcy Court for the District of Arizona, 230 N. 1st Avenue, Courtroom 703,
14 Phoenix, Arizona, 80053, at which time the Court shall consider the remainder of the Motion not
15 approved by this order (the "Sale Motion"), and may approve the sale to the Proposed Purchaser or the
16 Successful Bidder, as the case may be, and confirm the results of the Auction, if any. The Sale Hearing
17 or any portion thereof, such as with respect to the proposed assumption and assignment of a particular
18 executory contract, may be adjourned by the Debtors from time to time without further notice to
19 creditors or parties-in-interest other than by announcement of the adjournment in open court or on the
20 Court's calendar on the date scheduled for the Sale Hearing or any adjourned date.

21 4. As detailed more fully in the Bid Procedures, objections to the Sale Motion and/or the
22 assumption or assignment of any Assumed Contract, including objections to any Cure Amount, shall
23 be filed and served no later than _____ (prevailing Mountain time) on
24 _____, 2011 (the "Objection Deadline"). The failure of any objecting person or entity
25 to timely file and serve its objection by the Objection Deadline shall be a bar to the assertion, at the
26 Sale Hearing or thereafter, of any objection to the Sale Motion, the Sale, any Cure Amount, the
27 assumption or assignment of any Assumed Contract for any reason other than the Cure Amount, the
28 Debtors' consummation and performance of the Agreement or any other agreement related to a

1 Successful Bid (including the transfer of the Purchased Assets and the Assumed Contracts free and
2 clear of liens, claims, and encumbrances), with the exception of any objection to the conduct of the
3 Auction or the Debtors' selection of the Successful Bidder, which may be made two business days
4 following the end of the Auction or at the Sale Hearing, whichever is earlier.

5 **Bid Protections**

6 5. The Break-Up Fee and Expense Reimbursement are hereby approved.

7 6. The Debtors' obligation to pay the Break-Up Fee and Expense Reimbursement pursuant
8 to the terms of the Agreement shall survive termination of the Agreement and, until paid in accordance
9 with the Agreement, shall constitute an administrative expense claim in favor of the Proposed
10 Purchaser. The Debtors shall be obligated to pay the Break-Up Fee and the Expense Reimbursement to
11 the Proposed Purchaser in accordance with the terms of the Agreement without further order of the
12 Court. Notwithstanding any other language in this order, the Debtors shall be obligated to pay the
13 Break-Up Fee and/or the Expense Reimbursement only if the Proposed Purchaser is not in material
14 breach of the Agreement.

15 **Notice**

16 7. Notice of (i) the Motion, including the proposed Sale of the Purchased Assets to the
17 Proposed Purchaser, (ii) the Sale Hearing, and (iii) the proposed assumption and assignment of the
18 Assumed Contracts to the Proposed Purchaser pursuant to the Agreement or to a Successful Bidder
19 shall be good, sufficient, and timely notice, and no other or further notice shall be required, if notice is
20 given as follows:

21 8. Within two business days after entry of this order (the "Mailing Date"), the Debtors (or
22 their agent) shall serve the Motion, the Agreement, the proposed Sale Approval Order, the Bid
23 Procedures, and a copy of this order by overnight mail, postage prepaid, upon (i) the Office of the
24 United States Trustee for the District of Arizona, (ii) counsel for the Proposed Purchaser, (iii) counsel
25 for the official committee of unsecured creditors, if any, appointed in these chapter 11 cases, (iv)
26 counsel for True North Partners, LLC, (v) all entities known to have expressed an interest in a
27 transaction with respect to the Purchased Assets during the past six months, (vi) all entities known to
28 have asserted any lien, claim, interest, or encumbrance in or upon the Purchased Assets, (vii) all United

1 States federal, state, and local regulatory or taxing authorities or recording offices, including but not
2 limited to environmental regulatory authorities, which have a reasonably known interest in the relief
3 requested by the Motion, (viii) all counter-parties to the Assumed Contracts, and (ix) the Internal
4 Revenue Service.

5 9. On or before _____, 2011, the Debtors shall file with this Court and
6 serve on all non-Debtor counterparties to the Assumed Contracts a notice (the
7 “Assumption/Assignment Notice”), substantially in the form of the notice attached hereto as Exhibit 2,
8 identifying the Proposed Purchaser as the party which will be assigned all of the Debtors’ right, title,
9 and interest in the Assumed Contracts, subject to completion of the bidding process provided under the
10 Bid Procedures. The non-Debtor counterparty to an Assumed Contract shall have until the Objection
11 Deadline to object to the proposed assumption and assignment to the Proposed Purchaser on any basis,
12 including, but not limited to: (i) an objection to the Cure Amount identified in the
13 Assumption/Assignment Notice; (ii) an objection to any perceived or actual inability of the Proposed
14 Purchaser to provide adequate assurance of future performance; and/or (c) an objection on account of a
15 postpetition default. Any objections to the assumption and assignment of an Assumed Contract to the
16 Proposed Purchaser must: (v) be in writing, (w) state with specificity the reasons for such objection,
17 (x) conform to the Federal Rules of Bankruptcy Procedure, and the Local Bankruptcy Rules for the
18 District of Arizona, (y) be filed with the Bankruptcy Court, and (z) be served so that they are actually
19 received by the Objection Deadline by: (A) Areté Holdings, LLC, Attention: Daniel Dempsey, 6263
20 North Scottsdale Road, Suite 395, Scottsdale, Arizona 85250; (B) Reed Smith LLP, Attention: Ann E.
21 Pille, 10 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (C) True North Partners, LLC, 8455
22 North 90th Street, Suite 4, Scottsdale, Arizona 85258; (D) the Office of the United States Trustee, 230
23 N. 1st Avenue, Suite 204, Phoenix, Arizona 85003; and (E) Sleep Science, Inc., Attention: Mark
24 Hanley, c/o Clinical Research Advantage Holdings, LLC, 2141 East Broadway Road, Tempe, Arizona
25 85282. Any non-debtor party to an Assumed Contract must state in its objection, with specificity, the
26 legal and factual basis of its objection. If no objection is timely received, the non-Debtor counterparty
27 to the Assumed Contract shall be deemed to have consented to the assumption and assignment of the
28

1 Assumed Contract to the Proposed Purchaser and shall be forever barred from asserting any objection
2 with regard to the assumption and assignment.

3 10. On or before _____, 2011, the Debtors' shall cause a notice (the "Qualified
4 Bidder Assumption/Assignment Notice"), substantially in the form of the notice attached hereto as
5 Exhibit 3, to be sent to each non-Debtor party to an Assumed Contract identifying: (i) any contract that
6 has been designated as an Assumed Contract in any Qualified Bid, and (ii) all Qualified Bidders. Each
7 non-Debtor counterparty to an Assumed Contract shall have until the Objection Deadline to object to
8 the proposed assumption and assignment to any Qualified Bidder on any basis, including, but not
9 limited to: (i) an objection to the Cure Amount identified in the Qualified Bidder
10 Assumption/Assignment Notice; (ii) an objection to any perceived or actual inability of the Qualified
11 Bidder to provide adequate assurance of future performance; and/or (c) an objection on account of a
12 postpetition default. Any objections to the assumption and assignment of an Assumed Contract to a
13 Qualified Bidder, who may ultimately become the Successful Bidder, must: (v) be in writing, (w) state
14 with specificity the reasons for such objection, (x) conform to the Federal Rules of Bankruptcy
15 Procedure, and the Local Bankruptcy Rules for the District of Arizona, (y) be filed with the
16 Bankruptcy Court, and (z) be served so that they are actually received by the Objection Deadline by:
17 (A) Areté Holdings, LLC, Attention: Daniel Dempsey, 6263 North Scottsdale Road, Suite 395,
18 Scottsdale, Arizona 85250; (B) Reed Smith LLP, Attention: Ann E. Pille, 10 S. Wacker Drive, Suite
19 4000, Chicago, Illinois 60606; (C) True North Partners, LLC, 8455 North 90th Street, Suite 4,
20 Scottsdale, Arizona 85258; (D) the Office of the United States Trustee, 230 N. 1st Avenue, Suite 204,
21 Phoenix, Arizona 85003; and (E) Sleep Science, Inc., Attention: Mark Hanley, c/o Clinical Research
22 Advantage Holdings, LLC, 2141 East Broadway Road, Tempe, Arizona 85282. Any non-debtor party
23 to an Assumed Contract must state in its objection, with specificity, the legal and factual basis of its
24 objection. If no objection is timely received, the non-Debtor counterparty to the Assumed Contract
25 shall be deemed to have consented to the assumption and assignment of the Assumed Contract to the
26 Successful Bidder and shall be forever barred from asserting any objection with regard to the
27 assumption and assignment.

1 11. Notwithstanding rules 6004(h), 6006(d), 7062, or 9014 of the Federal Rules of
2 Bankruptcy Procedure (the “Bankruptcy Rules”) or any other Bankruptcy Rule or rule 62(a) of the
3 Federal Rules of Civil Procedure, this order shall be immediately effective and enforceable upon its
4 entry and there shall be no stay of execution of this order.

5 12. This Court shall retain jurisdiction to hear and determine all matters arising from the
6 implementation of this order.

7 DATED AND SIGNED ABOVE.
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BID PROCEDURES

Set forth herein are the bidding procedures (the “Bidding Procedures”) to be employed with respect to the proposed sale (the “Sale”) of substantially all of the assets of Areté Sleep, LLC, Areté Sleep Therapy, LLC Areté Holdings, LLC, Areté NW, LLC, and Areté Sleep Therapy NW, LLC (collectively, the “Debtors”). On January 25, 2011, the Debtors executed that certain Asset Purchase Agreement (the “Agreement”) with Sleep Science, Inc. (the “Proposed Purchaser”).¹ The transaction contemplated by the Agreement is subject to competitive bidding as set forth herein and approval by the Bankruptcy Court (as defined herein) pursuant to sections 363 and 365 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), and certain other closing conditions.

On January 26, 2011, the Debtors filed the Debtors’ Motion for an Order Approving Sale of Debtors’ Assets Under Asset Purchase Agreement Free and Clear of Liens, Claims and Encumbrances; Approving Assumption and Assignment of Unexpired Leases and Executory Contracts; and For an Emergency Hearing on Approval of Certain Auction and Bid Procedures, Including a Break-Up Fee; Setting Date and Time for Hearing on Proposed Sale; and Approving Form and Notice of Auction and Sale Hearing (the “Sale Motion”). On _____ 2011, the United States Bankruptcy Court for the District of Arizona (the “Bankruptcy Court”) entered the Order (i) Approving Bid Procedures, (ii) Granting Certain Bid Protections, (iii) Approving Form And Manner Of Sale Notices, And (iv) Setting Sale Hearing Date In Connection With Sale Of Substantially All the Debtors’ Assets (the “Bid Procedures Order”). The Bid Procedures Order set _____, 2011 as the date when the Bankruptcy Court will conduct a hearing (the “Sale Hearing”) to authorize the Debtors to enter into the Agreement.

The Bid Procedures set forth herein describe, among other things, the assets available for sale, the manner in which bidders and bids become Qualified Bidders and Bids, respectively, the coordination of diligence efforts among bidders, the receipt and negotiation of bids received, the conduct of any subsequent Auction (as defined herein), and the ultimate selection of the Successful Bidder(s) (as defined herein). The Debtors intend to consult with, among others, the United States Trustee and, if appointed, the official committee of unsecured creditors (the “Creditors’ Committee”) throughout the sale process. In the event that the Debtors and any party disagree as to the interpretation or application of these Bid Procedures, the Bankruptcy Court will have jurisdiction to hear and resolve such dispute.

1. Assets To Be Sold. With the exception of those assets designated as Excluded Assets in the Agreement, the Purchased Assets include all Debtors’ rights, title and interest in, to and under all assets, rights and properties of the Business (whether real, personal or mixed, tangible and intangible, and of every kind, character and description), which are used, or held for use, in the Business (including the Business as a going concern) or otherwise including any Seller's rights in: (i) tangible personal property, (ii) inventory; (iii) assumed contracts, (iv) business proprietary rights; (v) files and records; (vi) licenses; (vii) security deposits; (viii) warranties; (ix) claims; (x) certifications; and (xi) goodwill.
2. As Is, Where Is. The sale of the Acquired Assets will be on an “as is, where is” basis and without representations or warranties of any kind, nature, or description by the Debtors, their

¹ All capitalized terms used but not otherwise defined in these Bid Procedures have the meanings ascribed to them in the Agreement.

agents, or estates, except, with respect to the Proposed Purchaser, to the extent set forth in the Agreement and, with respect to a Successful Bidder (as defined herein), to the extent set forth in the relevant purchase agreement of such Successful Bidder approved by the Bankruptcy Court.

3. Free Of Any And All Encumbrances. All of the Debtors' right, title, and interest in and to the Purchased Assets, or any portion thereof, to be acquired will be sold free and clear of all Liens except the Permitted Liens (as such terms are defined in the Agreement), and such Liens will attach to the net proceeds of the sale of such Purchased Assets.
4. Participation Requirements. Any person who wishes to participate in the bidding process (a "Potential Bidder") must become a Qualified Bidder. As a prerequisite to becoming a Qualified Bidder, a Potential Bidder, other than the Purchaser, must deliver (unless previously delivered) to the Debtors and their counsel at the addresses provided below, unless otherwise ordered by the Bankruptcy Court or as otherwise determined by Debtors in their sole discretion:
 - a. An executed confidentiality agreement in form and substance satisfactory to Debtors;
 - b. Current audited financial statements of the Potential Bidder, or, if the Potential Bidder is an entity formed for the purpose of acquiring the Purchased Assets, including a portion of the Purchased Assets, current audited financial statements of the equity holders of the Potential Bidder, who will guarantee the obligations of the Potential Bidder, or such other form of financial disclosure and credit-quality support or enhancement acceptable to the Debtors;
 - c. A preliminary (non-binding) proposal reflecting: (i) the purchase price range, (ii) any assets and/or equity interests expected to be excluded, (iii) the structure and financing of the transaction, (iv) any anticipated regulatory approvals required to close the transaction, (v) the anticipated time frame and any anticipated impediments for obtaining such approvals, (vi) any additional conditions to closing that the Potential Bidder may wish to impose, and (vii) the nature and extent of any additional due diligence that the qualified bidder may wish to conduct and the date by which such due diligence would be completed.

A Potential Bidder who satisfies the requirements above and whose financial information and credit-quality support or enhancement demonstrate the financial capability of such Potential Bidder to consummate the Sale if selected as a Successful Bidder, and who the Debtors determine is likely (based on availability of financing, experience, and other considerations) to be able to consummate the Sale within the time frame provided by the Agreement, will be deemed a "Qualified Bidder." Notwithstanding the foregoing, the Proposed Purchaser will be deemed a Qualified Bidder for purposes of the bidding process. As promptly as practicable after a Potential Bidder delivers all of the materials required above, the Debtors will determine, and will notify the Potential Bidder, whether such Potential Bidder is a Qualified Bidder. At the same time that the Debtors notify the Potential Bidder that it is a Qualified Bidder, the Debtors will then promptly allow the Qualified Bidder to begin to conduct due diligence with respect to the Purchased Assets and the Business as described below.

- 1 5. Due Diligence. The Debtors will afford each Qualified Bidder due diligence access to the
2 Purchased Assets and the Business Due diligence access may include such management
3 presentations as may be scheduled by Debtors, access to data rooms, on site inspections, and
4 such other matters which a Qualified Bidder may request and as to which the Debtors may
5 agree. The Debtors will designate an employee or other representative to coordinate all
6 reasonable requests for additional information and due diligence access from Qualified
7 Bidders. Any additional due diligence will not continue after the Bid Deadline. The Debtors
8 may, in their discretion, coordinate diligence efforts such that multiple Qualified Bidders have
9 simultaneous access to due diligence materials and/or simultaneous attendance at management
10 presentations or site inspections. The Debtors (or any of their respective representatives) shall
11 not be obligated to furnish any information relating to Purchased Assets and the Business to
12 any Person other than to Qualified Bidders who make an acceptable preliminary proposal.
- 13 6. Bid Deadline. A Qualified Bidder who desires to make a bid must deliver the Required Bid
14 Documents to: (i) Areté Holdings, LLC, Attention: Daniel Dempsey, 6263 North Scottsdale
15 Road, Suite 395, Scottsdale, Arizona 85250; (ii) Reed Smith LLP, Attention: Ann E. Pille, 10
16 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (iii) True North Partners, LLC, 8455
17 North 90th Street, Suite 4, Scottsdale, Arizona 85258; (iv) the Office of the United States
18 Trustee, 230 N. 1st Avenue, Suite 204, Phoenix, Arizona 85003; so as to be received not later
19 than _____ a.m. (prevailing Mountain time) on _____, 2011 (the "Bid
20 Deadline"). The Debtors may extend the Bid Deadline once or successively, but are not
21 obligated to do so. If the Debtors extends the Bid Deadline, they will promptly notify all
22 Qualified Bidders of such extension.
- 23 7. Bid Requirements. All bids must include the following documents (the "Required Bid
24 Documents"): 25
- 26 a. A letter stating that the bidder's offer is irrevocable until two Business Days after the
27 closing of the Sale of the Purchased Assets.
 - 28 b. A complete, comprehensive, and binding asset purchase agreement, together with all
schedules and exhibits to such agreement (a "Competing Agreement")
 - c. A good faith deposit (the "Good Faith Deposit") in the form of a certified bank check
from a U.S. bank or by wire transfer (or other form acceptable to the Debtors in their
sole discretion) payable to the order of Arete Holdings, LLC (or such other party as the
Debtors may determine) in an amount equal to 10% of the purchase price identified in
the Competing Agreement.
 - d. Written evidence of a commitment for financing, or other evidence of ability to
consummate the proposed transaction, that is satisfactory to the Debtors and their
advisors.
8. Consideration of Qualified Bids. A bid will be considered only if the bid:
- a. Is not conditioned on obtaining financing or on the outcome of unperformed due
diligence by the Qualified Bidder.
 - b. Proposes a transaction on terms and conditions (other than the amount of the
consideration and the particular liabilities being assumed) that the Debtors determine

are similar to and are not materially more burdensome or conditional than those contained in the Agreement and that has a value, either individually or, when evaluated in conjunction with any other Qualified Bid, greater than or equal to the sum of the Purchase Price, plus the amount of the Break-Up Fee and Expense Reimbursement, plus: (i) in the case of the initial Qualified Bid, \$190,000, and (ii) in the case of any subsequent Qualified Bids, \$50,000 over the immediately preceding highest Qualified Bid.

- c. Is not conditioned upon (A) any bid protections, such as a break-up fee, termination fee, expense reimbursement, or similar type of payment and (B) such bid being deemed the Successful Bid by the Debtors.
- d. Includes an acknowledgement and representation that the bidder: (A) has had an opportunity to conduct any and all due diligence regarding the Purchased Assets prior to making its offer, (B) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Purchased Assets in making its bid, (C) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Purchased Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Agreement or a Competing Agreement.
- e. Includes a commitment to consummate the purchase of the Purchased Assets (including the receipt of any required Governmental Approvals) within not more than 15 days after entry of the Sale Approval Order, or in the case of any governmental approvals, 60 days after entry of such order.
- f. Is received by the Bid Deadline.

A bid received from a Qualified Bidder will constitute a "Qualified Bid" only if it includes all of the Required Bid Documents and meets all of the above requirements; provided, however, the Debtors will have the right to entertain bids for the Purchased Assets that do not conform to one or more of the requirements specified in this section, and may deem such bids to be Qualified Bids, including bids for a portion of the Purchased Assets. Notwithstanding the foregoing, the Agreement will be deemed a Qualified Bid, for all purposes in connection with the Bid Process, the Auction, and the Sale. A Qualified Bid will be valued based upon factors such as the net value provided by such bid and the likelihood and timing of consummating such transaction. Each Qualified Bid other than that of the Proposed Purchaser is referred to herein as a "Subsequent Bid."

If the Debtors do not receive any Qualified Bids other than the Agreement received from the Proposed Purchaser, the Debtors will report the same to the Bankruptcy Court and will request approval of the Sale pursuant to the terms of the Agreement as soon as reasonably practicable after the Bid Deadline.

9. Bid Protection Recognizing the Proposed Purchaser's expenditure of time, energy, and resources, the Debtors have agreed to provide certain bidding protections to the Proposed Purchaser. Specifically, the Debtors have determined that the Agreement furthers the goals of the Bid Procedures by setting a floor which all other Qualified Bids must exceed. As a result, the Debtors have agreed that if they do not close with the Proposed Purchaser because the

Debtors consummate an Alternative Transaction, as that term is defined herein, and the Proposed Purchaser is not in breach of the Agreement or the Bidding Procedures, the Debtors will, in certain circumstances, pay to the Proposed Purchaser a Break-Up Fee and Expense Reimbursement. The payment of the Break-Up Fee and Expense Reimbursement will be governed by the provisions of the Agreement and the Bid Procedures Order.

10. Auction If the Debtors receive one or more Qualified Bids in addition to the Agreement, the Debtors will conduct an auction (the "Auction") of the Purchased Assets and the Business upon notice to all Qualified Bidders who have submitted Qualified Bids at _____ (prevailing Mountain time) on _____, 2011 at the offices of Stinson Morrison Hecker LLP, 1850 N. Central Avenue, Suite 2100, Phoenix, Arizona 85004, or such later time or other place as the Debtors will notify all Qualified Bidders who have submitted Qualified Bids (but in no event later than _____, 2011), in accordance with the following procedures:

- a. Only the Debtors, the Proposed Purchaser, a representative of the Office of the United States Trustee, a representative of True North Partners, LLC, and any Qualified Bidder who has timely submitted a Qualified Bid will be entitled to attend the Auction, and only the Proposed Purchaser and other Qualified Bidders will be entitled to make any subsequent Qualified Bids at the Auction.
- b. At least two Business Days prior to the Auction, each Qualified Bidder who has timely submitted a Qualified Bid must inform the Debtors whether it intends to participate in the Auction, and, at least one Business Day prior to the Auction, the Debtors will provide copies of the Qualified Bid or combination of Qualified Bids which the Debtors believe is the highest or otherwise best offer (the "High Bid") to all Qualified Bidders who have informed the Debtors of their intent to participate in the Auction.
- c. All Qualified Bidders will be entitled to be present for all Subsequent Bids with the understanding that the true identity of each bidder will be fully disclosed to all other bidders and that all material terms of each Subsequent Bid will be fully disclosed to all other bidders throughout the entire Auction.
- d. The Debtors may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances (e.g., the amount of time allotted to make Subsequent Bids), provided that such rules are not inconsistent with these Bid Procedures, the Bankruptcy Code, the Bankruptcy Rules, or any order of the Bankruptcy Court entered in connection herewith.
- e. Bidding at the Auction will begin with the High Bid and continue, on terms and conditions identical to the High Bid (other than the name of the purchaser(s)) in minimum increments of at least \$50,000 higher than the previous bid or bids. The Auction will continue in one or more rounds of bidding and will conclude after each Qualified Bidder has had the opportunity to submit one or more additional Subsequent Bids with full knowledge and written confirmation of the then-existing highest bid or bids. For the purpose of evaluating the value of the consideration provided by Subsequent Bids (including any Subsequent Bid by the Proposed Purchaser), the Debtors may give effect to any Break-Up Fee that may be payable to the Proposed Purchaser under the Agreement.

1 11. Selection Of Successful Bid. At the conclusion of the foregoing Auction, the Debtors will
2 identify the highest offer(s) for the Purchased Assets and the Business received at the Auction
(the "Successful Bid(s)" and the bidder(s) making such bid, the "Successful Bidder(s)").

3 The Debtors will sell the Purchased Assets for the highest Qualified Bid to the Successful
4 Bidder upon the approval of such Qualified Bid by the Bankruptcy Court after the Sale
Hearing.

5 The Debtors' presentation of a particular Qualified Bid to the Court for approval does not
6 constitute the Sellers' acceptance of the bid. The Debtors will be deemed to have accepted a
bid only when the bid has been approved by the Bankruptcy Court at the Sale Hearing.

7 12. Objections to the Sale Motion. Objections to the Sale Motion, if any, shall be filed and served
8 no later than _____ (prevailing Mountain time) on _____, 2011 (the
9 "Objection Deadline"). The failure of any objecting person or entity to timely file and serve its
10 objection by the Objection Deadline shall be a bar to the assertion, at the Sale Hearing or
11 thereafter, of any objection to the Sale Motion, the Sale, or the Debtors' consummation and
12 performance of the Agreement (including the transfer of the Purchased Assets and the
Assumed Contracts free and clear of liens, claims, and encumbrances), with the exception of
any objection to the conduct of the Auction or the Debtors' selection of the Successful Bidder,
which may be made two business days following the end of the Auction or at the Sale Hearing,
whichever is earlier.

13 13. The Sale Hearing. The Sale Hearing will be held before the Honorable Redfield T. Baum,
14 United States Bankruptcy Judge, United States Bankruptcy Court for the District of Arizona,
230 N. 1st Avenue, Courtroom 703, Phoenix, Arizona, 80053, on _____,
15 2011, at _____ (prevailing Mountain time), but may be adjourned or rescheduled in the
16 Debtors' discretion, subject to Bankruptcy Court approval, as necessary, without further notice
17 other than an announcement of the adjourned date at the Sale Hearing. If the Debtors do not
18 receive any Qualified Bids (other than the Qualified Bid of the Proposed Purchaser), the
Debtors will report the same to the Bankruptcy Court at the Sale Hearing and will proceed
with a sale of the Purchased Assets to the Proposed Purchaser following entry of the Sale
Order. If the Debtors do receive additional Qualified Bids, then, at the Sale Hearing, the
19 Debtors will seek approval of the Successful Bid(s) as well as the second highest or best
20 Qualified Bid(s) (the "Alternate Bid(s)," and such bidder(s), the "Alternate Bidder(s)").
Following approval of the Sale to the Successful Bidder(s), if the Successful Bidder(s) fail(s)
21 to consummate the sale because of: (i) failure of a condition precedent beyond the control of
either the Debtors or the Successful Bidder(s) or (ii) a breach or failure to perform on the part
22 of such Successful Bidder(s), then the Alternate Bid(s) will be deemed to be the Successful
Bid(s) and the Debtors will be authorized, but not directed, to effectuate a sale to the Alternate
23 Bidder(s) subject to the terms of the Alternate Bid(s) of such alternate Bidder(s) without
further order of the Bankruptcy Court.

24 14. Return Of Good Faith Deposits. The Good Faith Deposits of all Qualified Bidders (except for
25 the Successful Bidder) will be held in an interest-bearing escrow account and all Qualified
26 Bids will remain open (notwithstanding Bankruptcy Court approval of a sale pursuant to the
terms of one or more Successful Bids by one or more Qualified Bidders) until two Business
27 Days following the closing of the Sale (the "Return Date"). Notwithstanding the foregoing, the
Good Faith Deposit, if any, submitted by the Successful Bidder(s), together with interest
28 thereon, will be applied against the payment of the Purchase Price upon closing of the Sale to

1 the Successful Bidder(s). If a Successful Bidder breaches its obligations under the Bid
2 Procedures Order or any agreement entered into with respect to its Successful Bid or fails to
3 consummate a sale because of a breach or failure to perform on the part of such Successful
4 Bidder, the Debtors will not have any obligation to return the Good Faith Deposit deposited by
5 such Successful Bidder, and such Good Faith Deposit will irrevocably become property of the
6 Debtors' estates. On the Return Date, the Debtors will return the Good Faith Deposits of all
7 other Qualified Bidders, together with the accrued interest thereon.

8
9 15. Reservations Of Rights. The Debtors: (i) may determine which Qualified Bid, if any, is the
10 highest or otherwise best offer and (ii) may at any time reject any bid (other than the Proposed
11 Purchaser's initial bid) that is: (a) inadequate or insufficient, (b) not in conformity with the
12 requirements of the Bankruptcy Code, the Bid Procedures, or the terms and conditions of the
13 Sale, or (c) contrary to the best interests of the Debtors, their estates, and their stakeholders as
14 determined by the Debtors in their sole discretion.

15
16 16. Notice to Non-Debtor Parties In Interest. The Debtors shall give notice of the Proposed Sale,
17 the Auction, and these Bid Procedures as follows:

18
19 a. Within two business days after entry of the Bid Procedures Order (the "Mailing Date"),
20 the Debtors (or their agent) shall serve a copy of the Sale Motion, the Agreement, the
21 proposed Sale Approval Order, these Bid Procedures, and a copy of the Bid Procedures
22 Order by overnight mail, postage prepaid, upon (i) the Office of the United States
23 Trustee for the District of Arizona, (ii) counsel for the Proposed Purchaser, (iii) counsel
24 for the official committee of unsecured creditors, if any, appointed in these chapter 11
25 cases, (iv) counsel for True North Partners, LLC, (v) all entities known to have
26 expressed an interest in a transaction with respect to the Purchased Assets during the
27 past six months, (vi) all entities known to have asserted any lien, claim, interest, or
28 encumbrance in or upon the Purchased Assets, (vii) all United States federal, state, and
local regulatory or taxing authorities or recording offices, including but not limited to
environmental regulatory authorities, which have a reasonably known interest in the
relief requested by the Motion, (viii) all counter-parties to the Assumed Contracts, and
(ix) the Internal Revenue Service.

a. On or before _____, 2011, the Debtors shall file with this Court and
serve on all non-Debtor counterparties to the Assumed Contracts a notice (the
"Assumption/Assignment Notice"), substantially in the form of the notice attached to
the Bid Procedures Order as Exhibit 2, identifying the Proposed Purchaser as the party
which will be assigned all of the Debtors' right, title, and interest in the Assumed
Contracts, subject to completion of the bidding process provided under the Bid
Procedures. The non-Debtor counterparty to an Assumed Contract shall have until the
Objection Deadline to object to the proposed assumption and assignment to the
Proposed Purchaser on any basis, including, but not limited to: (i) an objection to the
Cure Amount identified in the Assumption/Assignment Notice; (ii) an objection to any
perceived or actual inability of the Proposed Purchaser to provide adequate assurance of
future performance; and/or (c) an objection on account of a postpetition default. Any
objections to the assumption and assignment of an Assumed Contract to the Proposed
Purchaser must: (v) be in writing, (w) state with specificity the reasons for such
objection, (x) conform to the Federal Rules of Bankruptcy Procedure, and the Local
Bankruptcy Rules for the District of Arizona, (y) be filed with the Bankruptcy Court,

and (z) be served so that they are actually received by the Objection Deadline by: (A) Areté Holdings, LLC, Attention: Daniel Dempsey, 6263 North Scottsdale Road, Suite 395, Scottsdale, Arizona 85250; (B) Reed Smith LLP, Attention: Ann E. Pille, 10 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (C) True North Partners, LLC, 8455 North 90th Street, Suite 4, Scottsdale, Arizona 85258; (D) the Office of the United States Trustee, 230 N. 1st Avenue, Suite 204, Phoenix, Arizona 85003; and (E) Sleep Science, Inc., Attention: Mark Hanley, c/o Clinical Research Advantage Holdings, LLC, 2141 East Broadway Road, Tempe, Arizona 85282. Any non-debtor party to an Assumed Contract must state in its objection, with specificity, the legal and factual basis of its objection. If no objection is timely received, the non-Debtor counterparty to the Assumed Contract shall be deemed to have consented to the assumption and assignment of the Assumed Contract to the Proposed Purchaser and shall be forever barred from asserting any objection with regard to the assumption and assignment.

- c. On or before _____, 2011, the Debtors' shall cause a notice (the "Qualified Bidder Assumption/Assignment Notice"), substantially in the form of the notice attached to the Bid Procedures Order as Exhibit 3, to be sent to each non-Debtor party to an Assumed Contract identifying: (i) any contract that has been designated as an Assumed Contract in any Qualified Bid, and (ii) all Qualified Bidders. Each non-Debtor counterparty to an Assumed Contract shall have until the Objection Deadline to object to the proposed assumption and assignment to any Qualified Bidder on any basis, including, but not limited to: (i) an objection to the Cure Amount identified in the Qualified Bidder Assumption/Assignment Notice; (ii) an objection to any perceived or actual inability of the Qualified Bidder to provide adequate assurance of future performance; and/or (c) an objection on account of a postpetition default. Any objections to the assumption and assignment of an Assumed Contract to a Qualified Bidder, who may ultimately become the Successful Bidder, must: (v) be in writing, (w) state with specificity the reasons for such objection, (x) conform to the Federal Rules of Bankruptcy Procedure, and the Local Bankruptcy Rules for the District of Arizona, (y) be filed with the Bankruptcy Court, and (z) be served so that they are actually received by the Objection Deadline by: (A) Areté Holdings, LLC, Attention: Daniel Dempsey, 6263 North Scottsdale Road, Suite 395, Scottsdale, Arizona 85250; (B) Reed Smith LLP, Attention: Ann E. Pille, 10 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (C) True North Partners, LLC, 8455 North 90th Street, Suite 4, Scottsdale, Arizona 85258; (D) the Office of the United States Trustee, 230 N. 1st Avenue, Suite 204, Phoenix, Arizona 85003; and (E) Sleep Science, Inc., Attention: Mark Hanley, c/o Clinical Research Advantage Holdings, LLC, 2141 East Broadway Road, Tempe, Arizona 85282. Any non-debtor party to an Assumed Contract must state in its objection, with specificity, the legal and factual basis of its objection. If no objection is timely received, the non-Debtor counterparty to the Assumed Contract shall be deemed to have consented to the assumption and assignment of the Assumed Contract to the Successful Bidder and shall be forever barred from asserting any objection with regard to the assumption and assignment.

EXHIBIT "C"

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Proposed Attorneys for Debtors and Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re

ARETE HOLDINGS, LLC,

Debtor.

Chapter 11

Case No. 2:11-bk-02009-RTB
(Joint Administration Pending)
Case No. 2:11-bk-02010;
Case No. 2:11-bk-02011;
Case No. 2:11-bk-02012; and
Case No. 2:11-bk-020

This filing applies to: ☒ All Debtors
☐ Arete Holdings, LLC
☐ Arete NW, LLC
☐ Arete Sleep Therapy NW, LLC
☐ Arete Sleep, LLC
☐ Arete Sleep Therapy, LLC

**ORDER AUTHORIZING (A) THE SALE OF
SUBSTANTIALLY ALL OF THE
DEBTORS' ASSETS; (B) THE DEBTORS
TO ENTER INTO AND PERFORM THEIR
OBLIGATIONS UNDER THE ASSET
PURCHASE AGREEMENT; (C) THE
DEBTORS TO ASSUME AND ASSIGN THE
ASSUMED CONTRACTS; AND (D)
GRANTING RELATED RELIEF**

Hearing Date: None
Hearing Time:
Location: Courtroom #703
230 N First Ave
Phoenix AZ 85003

Upon the Debtors' Motion for an Order Approving Sale of Debtors' Assets Under Asset
Purchase Agreement Free and Clear of Liens, Claims and Encumbrances; Approving Assumption and

1 Assignment of Certain Unexpired Leases and Executory Contracts; and for an Emergency Hearing on
2 Approval of Certain Auction and Bid Procedures, including a Break-Up Fees; Setting Date and Time
3 for Hearing on Proposed Sale; and Approving Form and Notice of Auction and Sale Hearing (the
4 “Motion”) ¹, filed by Areté Holdings, LLC, Areté NW, LLC, Areté Sleep, LLC, Areté Sleep Therapy,
5 LLC, and Areté Sleep Therapy NW, LLC (collectively, the “Debtors”), Debtors and Debtors-In-
6 Possession in the above-captioned matter; this Court having entered an order approving, among other
7 things, the Bid Procedures, the Break-Up Fee and the Expense Reimbursement [Docket No. ____
8 ____] (the “Bid Procedures Order”); [no other Qualified Bids in having been received in accordance
9 with Bid Procedures Order, and no Auction having been conducted in accordance with the Bid
10 Procedures Order] [Qualified Bids having been received from _____ prior to the Bid
11 Deadline, and the Debtors having conducted the Auction in accordance with the Bid Procedures
12 Order]; Sleep Science, Inc. (the “Purchaser”) having submitted the highest or otherwise best offer; the
13 Court having conducted a hearing on the Motion commencing on _____, 2011 (the “Sale Hearing”)
14 at which time all interested parties were offered an opportunity to be heard with respect to the Motion;
15 the Court having reviewed and considered the Motion, the Agreement, the Bid Procedures Order, the
16 record of the hearing before the Court on _____, 2011 (the “Bid Procedures Hearing”) at which
17 the Bid Procedures Order was approved and all objections to the Proposed Sale and the Agreement
18 filed in accordance with the Bid Procedures Order; the appearance of all interested parties and all
19 responses and objections to the Motion having been duly noted in the record of the Sale Hearing; and
20 upon the record of the Sale Hearing, and having heard statements of counsel and the evidence
21 presented in support of the relief requested in the Motion at the Sale Hearing; and upon all of the
22 proceedings had before the Court, and any objections and responses to the relief requested in the
23 Motion having been heard and overruled, continued or resolved in their entirety, and it appearing that
24 due notice of the Motion, the Agreement, the Bid Procedures Order and the Auction having been
25 provided; and it appearing that the relief requested in the Motion is in the best interests of the Debtors,

26 _____
27 ¹ All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement (as
28 defined herein) and the Motion, as applicable.

1 their estates, stakeholders and all other parties-in-interest; and it appearing that the Court has
2 jurisdiction over this matter; and it further appearing that the legal and factual bases set forth in the
3 Motion and at the Sale Hearing establish just cause for the relief granted herein; and after due
4 deliberation thereon,

5 **THE COURT EXPRESSLY FINDS AS FOLLOWS:**

6
7 **Jurisdiction, Venue and Final Order**

8 1. This Court has jurisdiction to hear and determine the Motion pursuant to 28 U.S.C.
9 §§ 157 and 1334. Venue is proper in this District and in this Court pursuant to 28 U.S.C. §§ 1408 and
10 1409.

11 **Notice of the Proposed Sale, Agreement, Sale Hearing, Auction and the Cure Amounts**

12 2. As evidenced by the affidavits of service previously filed with this Court, proper,
13 timely, adequate and sufficient notice of the Motion, the Auction, the Sale Hearing, the Agreement and
14 the Proposed Sale have been provided in accordance with Sections 363 and 365 of the Bankruptcy
15 Code, and Bankruptcy Rules 2002, 6004 and 6006. The Debtors have complied with all obligations to
16 provide notice of the Motion, the Auction, the Sale Hearing, the Agreement and the Proposed Sale as
17 required by the Bid Procedures Order. The aforementioned notices are good, sufficient and
18 appropriate under the circumstances, and no other or further notice of the Motion, the Auction, the Sale
19 Hearing, the Agreement or the Proposed Sale is required for the entry of this Order.

20 3. A reasonable opportunity to object or to be heard regarding the relief requested in the
21 Motion was afforded to all interested persons and entities.

22 4. In accordance with the Bid Procedures Order, the Debtors have served a notice (as
23 amended, modified or otherwise supplemented from time to time, the "Assumption/Assignment
24 Notice") of the potential assumption and assignment of the Assumed Contracts and of the proposed
25 cure amounts (each, a "Cure Amount" and, collectively, the "Cure Amounts") upon each non-Debtors
26 counterparty to an Assumed Contract. The service and provision of the Assumption/Assignment
27 Notice was good, sufficient and appropriate under the circumstances and no further notice need be
28 given in respect of the assumption and assignment of the Assumed Contracts or establishing a Cure

1 Amount for the respective Assumed Contracts. Non-Debtors counterparties to the Assumed Contracts
2 have had an adequate opportunity to object to assumption and assignment of the applicable Assumed
3 Contracts and the Cure Amount set forth in the Assumption/Assignment Notice (including objections
4 related to the adequate assurance of future performance and objections based on whether applicable
5 law excuses the non-Debtors counterparty from accepting performance by, or rendering performance
6 to, Purchaser for purposes of Section 365(c)(1) of the Bankruptcy Code). The deadline to file an
7 objection to the assumption and assignment to the Purchaser of any Assumed Contract (a "Contract
8 Objection") has expired and to the extent any such party timely filed a Contract Objection, all such
9 Contract Objections have been resolved, withdrawn, overruled or continued to a later hearing by
10 agreement of the parties. To the extent that any such party did not timely file a Contract Objection by
11 the Contract Objection deadline, such party shall be deemed to have consented to (i) the assumption
12 and assignment of the Assumed Contract and (ii) the Cure Amount set forth on the
13 Assumption/Assignment Notice.

14 **Highest or Otherwise Best Offer**

15 5. As demonstrated by the evidence proffered or adduced at the Sale Hearing and the
16 representations of counsel made on the record at the Sale Hearing, the Debtors have otherwise
17 complied in all respects with, the Bid Procedures Order. The Auction was duly noticed and the
18 Auction process set forth in the Bid Procedures Order afforded a full, fair and reasonable opportunity
19 for any interested party to make a higher or otherwise better offer to purchase all of the Purchased
20 Assets and assume all of the Assumed Liabilities.

21 6. The Purchased Assets were adequately marketed by the Debtors, and the consideration
22 provided by Purchaser under the Agreement constitutes the highest or otherwise best offer and
23 provides fair and reasonable consideration to the Debtors for the sale of all Purchased Assets and the
24 assumption of all Assumed Liabilities.

25 7. Approval of the Motion and the Agreement and the consummation of the Proposed Sale
26 contemplated thereby are in the best interests of the Debtors, their creditors, estates and other parties-
27 in-interest. The Debtors have demonstrated good, sufficient and sound business reasons and
28

1 justifications for entering into the Proposed Sale and the performance of their obligations under the
2 Agreement.

3 8. Entry of an order approving the Agreement and all the provisions thereof is a necessary
4 condition precedent to Purchaser's consummation of the Proposed Sale.

5 9. The Agreement was not entered into, and neither the Debtors nor the Purchaser, have
6 entered into the Agreement or proposing to consummate the Proposed Sale, for the purpose of
7 hindering, delaying or defrauding the Debtors' present or future creditors. Neither the Debtors nor
8 Purchaser is entering into the Agreement, or proposing to consummate the Proposed Sale, fraudulently,
9 for the purpose of statutory and common law fraudulent conveyance and fraudulent transfer claims
10 whether under the Bankruptcy Code or under the laws of the United States, any state, territory,
11 possession thereof or the District of Columbia or any other applicable jurisdiction with laws
12 substantially similar to the foregoing.

13 10. The offer of Purchaser, upon the terms and conditions set forth in the Agreement,
14 including the form and total consideration to be realized by the Debtors pursuant to the Agreement: (i)
15 is the highest and/or otherwise best offer received by the Debtors; (ii) is fair and reasonable; (iii) is in
16 the best interests of the Debtors' creditors and estates and (iv) constitutes fair value, fair, full and
17 adequate consideration, reasonably equivalent value and reasonable market value for the Purchased
18 Assets.

19 11. The Purchaser is the Successful Bidder for the Purchased Assets in accordance with the
20 Bid Procedures Order. The Purchaser has complied in all respects with the Bid Procedures Order and
21 any other applicable order of this Court in negotiating and entering into the Agreement and the
22 Proposed Sale, and the Agreement complies with the Bid Procedures Order and any other applicable
23 order of this Court.

24 **Good Faith of Debtors and the Purchaser**

25 12. The sales process conducted by the Debtors, including without limitation, the Bid
26 Procedures set forth in the Bid Procedures Order, was at arm's length, non-collusive, in good faith and
27 substantively and procedurally fair to all parties.

1 13. The Debtors and their professionals have complied, in good faith, in all respects with
2 the Bid Procedures Order. As demonstrated by (i) any testimony and other evidence proffered or
3 adduced at the Sale Hearing and (ii) the representations of counsel made on the record at the Sale
4 Hearing, substantial marketing efforts and a competitive sale process were conducted in accordance
5 with the Bid Procedures Order, the Debtors: (a) afforded interested potential purchaser a full, fair and
6 reasonable opportunity to qualify as bidders and submit their highest or otherwise best offer to
7 purchase all of the Debtors' assets, (b) provided potential purchasers, upon request, sufficient
8 information to enable them to make an informed judgment on whether to bid on the Purchased Assets
9 and (c) considered any bids submitted on or before the Bid Deadline.

10 14. The Agreement and the Proposed Sale contemplated thereunder were proposed,
11 negotiated and entered into by and among the Debtors and the Purchaser without collusion, in good
12 faith and at arm's length. Neither the Debtors nor the Purchaser has engaged in any conduct that
13 would cause or permit the Agreement or the Proposed Sale to be avoided under Section 363(n) of the
14 Bankruptcy Code.

15 15. Neither the Purchaser nor any of its respective affiliates, present or contemplated
16 members, officers, directors, shareholders or any of their respective successors and assigns is an
17 "insider" of the Debtors, as that term is defined in Section 101(31) of the Bankruptcy Code. The
18 Purchaser is entering into the Proposed Sale in good faith and is a good faith purchaser within the
19 meaning of Section 363(m) of the Bankruptcy Code, and is therefore entitled to the full protection of
20 that provision, and otherwise has proceeded in good faith in all respects in connection with this
21 proceeding. Neither the Debtors nor the Purchaser have engaged in any action or inaction that would
22 cause or permit the Agreement to be avoided or impose any costs or damages under Section 363(n) of
23 the Bankruptcy Code.

24 **Section 363 is Satisfied**

25 16. The Debtors have demonstrated a sufficient basis and compelling circumstances to
26 permit them to (i) enter into the Agreement and (ii) sell the Purchased Assets and assume and assign
27 the Assumed Contracts, and such actions are appropriate exercises of the Debtors' business judgment
28 and in the best interests of the Debtors, their estates and their creditors. Such business reasons include,

1 but are not limited to, the fact that (i) the Agreement constitutes the highest or otherwise best offer for
2 the Purchased Assets; (ii) the Agreement presents the best opportunity to realize the value of the
3 Debtors on a going concern basis and avoid any potential decline and devaluation of the Debtors'
4 business; and (iii) unless the sale is concluded expeditiously as provided for in the Motion and
5 pursuant to the Agreement, recoveries of creditors may be diminished.

6 17. The Debtors have, to the extent necessary, satisfied the requirements of Bankruptcy
7 Code section 363(b)(1). Accordingly, appointment of a consumer privacy ombudsman pursuant to
8 Bankruptcy Code sections 363(b)(1) or 332 is not required with respect to the relief requested in the
9 Motion.

10 18. The Purchased Assets constitute property of the Debtors' estate and title thereto is
11 presently vested in the Debtors' estate within the meaning of section 541(a) of the Bankruptcy Code.

12 19. The sale of the Purchased Assets to the Purchaser under the terms of the Agreement
13 meets the applicable provisions of Section 363(f) of the Bankruptcy Code such that the sale of the
14 Purchased Assets will be free and clear of any and all claims, and except as expressly provided in the
15 Agreement with respect to the Assumed Liabilities, the (i) transfer of the Purchased Assets to
16 Purchasers and (ii) assumption and/or assignment to Purchaser of the Assumed Contracts and Assumed
17 Liabilities will be free and clear of all claims and will not subject the Purchaser or any of the
18 Purchaser's assets to any liability for any claims whatsoever (including, without limitation, under any
19 theory of equitable law, antitrust, or successor or transferee liability). All holders of claims who did
20 not object, or withdrew their objections to the Proposed Sale, are deemed to have consented to the
21 Proposed Sale pursuant to Section 363(f)(2) of the Bankruptcy Code, and all holders of claims are
22 adequately protected — thus satisfying Section 363(e) of the Bankruptcy Code — by having their
23 claims, if any, attach to the proceeds of the Proposed Sale ultimately attributable to the property
24 against or in which they assert a claim or other specifically dedicated funds, in the same order of
25 priority and with the same validity, force and effect that such claim holder had prior to the Proposed
26 Sale, subject to any rights, claims and defenses of the Debtors or their estates, as applicable, or as
27 otherwise provided herein.
28

1 20. The Purchaser would not have entered into the Agreement and would not consummate
2 the sale of the Purchased Assets, thus adversely affecting the Debtors, their estate, creditors, employees
3 and other parties in interest, if the sale of the Purchased Assets was not free and clear of all Claims
4 (defined below) or if the Purchaser could be liable for any claims, including, without limitation and as
5 applicable, certain liabilities that expressly are not assumed by Purchaser as set forth in the Agreement
6 or in this Order. The Purchaser asserts that it will not consummate the Proposed Sale unless the
7 Agreement specifically provides and this Court specifically orders that none of the Purchaser, its assets
8 or the Purchased Assets will have any liability whatsoever with respect to, or be required to satisfy in
9 any manner, whether at law or in equity, whether by payment, setoff or otherwise, directly or
10 indirectly, any (i) claim or (ii) successor or transferee liability for the Debtors other than with respect
11 to the Assumed Liabilities.

12 21. The transfer of the Purchased Assets to Purchaser under the Agreement will be a legal,
13 valid and effective transfer of all of the legal, equitable and beneficial right, title and interest in and to
14 the Purchased Assets free and clear of all claims. The Debtors may sell their interests in the Purchased
15 Assets free and clear of all claims because, in each case, one or more of the standards set forth in
16 Section 363(f) has been satisfied. The transfer of the Purchased Assets to Purchaser will vest
17 Purchaser with good and marketable title to the Purchased Assets.

18 22. The Purchaser is not a continuation of the Debtors or their estates and there is no
19 continuity between Purchaser and the Debtors. The Purchaser is not holding itself out to the public as
20 a continuation of the Debtors or their estates and the Proposed Sale does not amount to a consolidation,
21 merger or de facto merger of the Purchaser and the Debtors.

22 **Assumption and Assignment of the Assumed Contracts**

23 23. The assumption and assignment of the Assumed Contracts (as such Assumed Contracts
24 may be amended, supplemented or otherwise modified prior to assumption and assignment without
25 further order of the Court with the consent of the Debtors, the contract counterparty and the Purchaser)
26 that are designated for assumption and assignment pursuant to the terms of this Order and the
27 Agreement are integral to the Agreement, are in the best interests of the Debtors and their estates,
28

creditors and other parties-in-interest, and represent the reasonable exercise of sound and prudent business judgment by the Debtors.

24. No section of any Assumed Contract which purports to prohibit, restrict or condition the use, consideration or assignment of any such Assumed Contract in connection with the Proposed Sale shall have any force or effect.

25. The Debtors have met all requirements of Section 365(b) of the Bankruptcy Code for each of the Assumed Contracts. The Debtors and/or the Purchaser, as applicable under the Agreement, have (i) cured and/or provided adequate assurance of cure of any default existing prior to the Closing under all of the Assumed Contracts, within the meaning of Section 365(b)(1)(A) of the Bankruptcy Code; and (ii) provided compensation or adequate assurance of compensation to any counterparty for actual pecuniary loss to such party resulting from a default prior to the Closing under any of the Assumed Contracts, within the meaning of Section 365(b)(1)(B) of the Bankruptcy Code. Each of the Assumed Contracts is free and clear of all Claims against the Purchaser.

26. The Purchaser has demonstrated adequate assurance of its future performance under the relevant Assumed Contracts within the meaning of Sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code. Pursuant to Section 365(f) of the Bankruptcy Code, the Assumed Contracts to be assumed and assigned under the Agreement shall be assigned and transferred to, and remain in full force and effect for the benefit of, the Purchaser notwithstanding any provision in the contracts or other restrictions prohibiting their assignment or transfer.

27. No defaults exist in the Debtors' performance under the Assumed Contracts as of the date of this Order other than the failure to pay amounts equal to the Cure Amounts or defaults that are not required to be cured as contemplated in Section 365(b)(1)(A) of the Bankruptcy Code.

28. There is no legal or equitable reason to delay the Proposed Sale.

THEREFORE, IT IS HEREBY ORDERED THAT:

General Provisions

(a) The Motion is granted in its entirety and approved in all respects.

1 (b) All objections to the Motion or the relief requested therein that have not been
2 withdrawn, waived or settled as announced to the Court at the Sale Hearing and all reservations of
3 rights included therein, are hereby overruled on the merits with prejudice. All persons and entities
4 given notice of the Motion that failed to timely object thereto are deemed to consent to the relief
5 sought therein including, without limitation, all non-debtor parties to the Assumed Contracts.

6 (c) The findings of fact and the conclusions of law set forth herein shall constitute findings
7 of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to the proceeding
8 by Bankruptcy Rule 9014. To the extent any of the following constitute findings of fact or conclusions
9 of law, they are adopted as such. To the extent any of the prior findings of fact or conclusions of law
10 constitutes an order of this Court, they are adopted as such.

11 **Approval of the Agreement**

12 (d) The Agreement, all of the terms and conditions thereof, and all of the Proposed Sale
13 contemplated therein are approved in all respects. The failure specifically to include any particular
14 provision of the Agreement in this Order shall not diminish or impair the effectiveness of such
15 provision, it being the intent of the Court that the Agreement be authorized and approved in its
16 entirety. The transfer of the Purchased Assets by the Debtors to the Purchaser shall be a legal, valid
17 and effective transfer of the Purchased Assets. The consummation of the Proposed Sale is hereby
18 approved and authorized under Section 363(b) of the Bankruptcy Code.

19 (e) The Debtors are authorized and, to the extent not already done, directed to (a) take any
20 and all actions necessary or appropriate to perform, consummate, implement and close the Proposed
21 Sale, including the sale to Purchaser of all Purchased Assets, in accordance with the terms and
22 conditions set forth in the Agreement and this Order, including, without limitation, executing,
23 acknowledging and delivering such corporate name change certificates, deeds, assignments,
24 conveyances and other assurance, documents and instruments of transfer and taking any action for
25 purposes of assigning, transferring, granting, conveying and confirming to Purchaser, or reducing to
26 possession, any or all of the Purchased Assets and (b) to assume and assign any and all Assumed
27 Contracts to the Purchaser. The Debtors are further authorized to pay, whether before, at or after the
28

1 Closing, any expenses or costs required to be paid in order to consummate the Proposed Sale or
2 perform their obligations under the Agreement.

3 (f) The Debtors are authorized, and to the extent not already done, directed, to enter into
4 the Management/Leaseback Agreement detailed in Section 2.6 of the Agreement, pursuant to which
5 the Purchaser will lease back to Debtors certain purchased assets and shall retain management
6 responsibility for key aspects of Debtors' leaseback operations.

7 (g) All persons and entities are prohibited and enjoined from taking any action to adversely
8 affect or interfere with, or which would be inconsistent with, the ability of the Debtors to transfer the
9 Purchased Assets to the Purchaser in accordance with the Agreement and this Order.

10 (h) Nothing contained in any chapter 11 plan confirmed in these chapter 11 cases or the
11 order confirming any such chapter 11 plan shall conflict with or derogate from the provisions of the
12 Agreement or this Order, and, to the extent of any conflict or derogation between this Order or the
13 Agreement and such future chapter 11 plan or order, the terms of this Order and the Agreement shall
14 control.

15 **Sale and Transfer Free and Clear of Claims**

16 (i) Except as otherwise expressly provided in the Agreement and the terms of this Order
17 with respect to Assumed Liabilities, the Purchased Assets shall be sold free and clear of all claims,
18 liens, liabilities, interests, rights and encumbrances, including, without limitation, the following: all
19 restrictions (including, without limitation, any restriction on the use, voting rights, transfer rights,
20 claims for receipt of income or other exercise of any attributes of ownership), hypothecations, charges,
21 indentures, loan agreements, instruments, leases, licenses, options, deeds of trust, security interests,
22 equity interests, conditional sale rights or other title retention agreements, pledges, judgments;
23 demands, rights of first refusal, consent rights, offsets, contract rights, recoupment rights, rights of
24 recovery, reimbursement rights, contribution claims, indemnity rights, exoneration rights, product
25 liability claims, alter-ego claims, environmental rights and claims (including, without limitation, toxic
26 tort claims), labor rights and claims, employment rights and claims, pension rights and claims, tax
27 claims, regulatory violations by any governmental entity, decrees of any court or foreign or domestic
28 governmental entity, charges of any kind or nature, debts arising in any way in connection with any

1 agreements, acts, or failures to act, reclamation claims, obligation claims, demands, guaranties, option
2 rights or claims, rights, contractual or other commitment rights and claims, and all other matters of any
3 kind and nature, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or
4 unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or
5 disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material
6 or non-material, disputed or undisputed, whether arising prior to or subsequent to the commencement
7 of these chapter 11 cases (but, for the avoidance of doubt, in each case prior to the Closing), and
8 whether imposed by agreement, understanding, law, equity or otherwise, including claims otherwise
9 arising under any theory, law or doctrine of successor liability (all of the foregoing collectively being
10 referred to in this Order as "Claims", and, as used in this Order such term includes, without limitation,
11 any and all "claims" as that term is defined and used in the Bankruptcy Code, including section 101(5)
12 thereof) with all such Claims to attach to the consideration to be received by the Debtors with the same
13 validity, force, priority and effect which they now have as against the Purchased Assets and subject to
14 any claims and defenses the Debtors or other parties may possess with respect thereto. As used in this
15 Order, the term "Liens" includes, without limitation, any statutory lien on real and personal property
16 and any and all "liens" as that term is defined and used in the Bankruptcy Code, including section
17 101(37) thereof.

18 (j) At Closing, all of the Debtors' right, title and interest in and to, and possession of, the
19 Purchased Assets shall be immediately vested in the Purchaser pursuant to Sections 105(a), 363(b),
20 363(f) and 365 of the Bankruptcy Code free and clear of any and all Claims except for Assumed
21 Liabilities. Such transfer shall constitute a legal, valid, binding and effective transfer of such
22 Purchased Assets. All persons or entities, presently or on or after the Closing, in possession of some or
23 all of the Purchased Assets are directed to surrender possession of the Purchased Assets to the
24 Purchaser or its respective designees on the Closing or at such time thereafter as the Purchaser may
25 request.

26 (k) This Order (a) shall be effective as a determination that, as of the Closing, (i) no Claims
27 (other than Assumed Liabilities) will be capable of being asserted against the Purchaser or any of its
28 respective assets (including the Purchased Assets), (ii) the Purchased Assets shall have been

1 transferred to Purchaser free and clear of all Claims and (iii) the conveyances described herein have
2 been effected; and (b) is and shall be binding upon and govern the acts of all entities, including,
3 without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages,
4 recorders of deeds, registrars of deeds, registrars of patents, trademarks or other intellectual property,
5 administrative agencies, governmental departments, secretaries of state, federal and local officials and
6 all other persons and entities who may be required by operation of law, the duties of their office or
7 contract, to accept, file, register or otherwise record or release any documents or instruments, or who
8 may be required to report or insure any title or state of title in or to any lease; and each of the foregoing
9 persons and entities is hereby directed to accept for filing any and all of the documents and instruments
10 necessary and appropriate to consummate the Proposed Sale contemplated by the Agreement. The
11 Purchased Assets are sold free and clear of any reclamation rights.

12 (l) Except as otherwise expressly provided in the Agreement with respect to the Assumed
13 Liabilities, all persons and entities (and their respective successors and assigns), including, but not
14 limited to, all debt security holders, equity security holders, affiliates, governmental, tax and regulatory
15 authorities, lenders, customers, vendors, employees, trade creditors, litigation claimants and other
16 creditors holding Claims arising under or out of, in connection with, or in any way relating to, the
17 Debtors, the Purchased Assets, the ownership, sale or operation of the Purchased Assets and the
18 business prior to Closing or the transfer of the Purchased Assets to the Purchaser, are hereby forever
19 barred, estopped and permanently enjoined from asserting such Claims against the Purchaser, its
20 property or the Purchased Assets. Following the Closing, no holder of any Claim shall interfere with
21 the Purchaser's title to or use and enjoyment of the Purchased Assets based on or related to any such
22 Claim, or based on any action the Debtors may take in their chapter 11 cases.

23 (m) If any person or entity that has filed financing statements or other documents or
24 agreements evidencing Claims against or in the Purchased Assets shall not have delivered to the
25 Debtors prior to the Closing, in proper form for filing and executed by the appropriate parties,
26 termination statements, instruments of satisfaction, releases of all Claims that the person or entity has
27 with respect to the Purchased Assets or otherwise, then only with regard to the Purchased Assets that
28 are purchased by the Purchaser pursuant to the Agreement and this Order (a) the Debtors is hereby

1 authorized and directed to execute and file such statements, instruments, releases and other documents
2 on behalf of the person or entity with respect to the Purchased Assets and (b) the Purchaser is hereby
3 authorized to file, register or otherwise record a certified copy of this Order, which, once filed,
4 registered or otherwise recorded, shall constitute conclusive evidence of the release of all Claims
5 against the Purchaser and the applicable Purchased Assets; and (c) the Purchaser may seek in this
6 Court or any other court to compel appropriate parties to execute termination statements, instruments
7 of satisfaction, and releases of all Claims with respect to the Purchased Assets other than Assumed
8 Liabilities. This Order is deemed to be in recordable form sufficient to be placed in the filing or
9 recording system of each and every federal, state, or local government agency, department or office.

10 (n) To the maximum extent permitted under applicable law, the Purchaser shall be
11 authorized, as of the Closing Date, to operate under any license, permit, registration and governmental
12 authorization or approval of the Debtors with respect to the Purchased Assets, and all such licenses,
13 permits, registrations and governmental authorizations and approvals are deemed to have been, and
14 hereby are, directed to be transferred to the Purchaser as of the Closing Date.

15 (o) To the extent permitted by Bankruptcy Code section 525, no governmental unit may
16 revoke or suspend any permit or license relating to the operation of the Purchased Assets sold,
17 transferred, assigned or conveyed to Purchaser on account of the filing or pendency of these chapter 11
18 cases or the consummation of the Proposed Sale.

19 (p) For the avoidance of doubt, only Purchased Assets that are part of the Debtors' estates
20 are being sold to the Purchaser free and clear of Claims pursuant to Section 363(f) of the Bankruptcy
21 Code.

22 **No Successor or Transferee Liability**

23 (q) Except as expressly provided in the Agreement with respect to Assumed Liabilities, the
24 Purchaser shall not be deemed, as a result of any action taken in connection with the Agreement, the
25 consummation of the Proposed Sale contemplated by the Agreement, or the transfer or operation of the
26 Purchased Assets to (a) be a legal successor, or otherwise be deemed a successor to the Debtors (other
27 than, for the Purchaser, with respect to any obligations as an assignee under the Assumed Contracts
28 arising after the Closing); (b) have, de facto or otherwise, merged with or into the Debtors; or (c) be an

1 alter ego or a mere continuation or substantial continuation of the Debtors including, without
2 limitation, within the meaning of any foreign, federal, state or local revenue, pension, ERISA, the
3 Consolidated Omnibus Budget Reconciliation Act ("COBRA"), WARN Act (29 U.S.C. §§ 2101 et
4 seq.) ("WARN"), Comprehensive Environmental Response Compensation and Liability Act
5 ("CERCLA"), the Fair Labor Standard Act, Title VII of the Civil Rights Act of 1964 (as amended), the
6 Age Discrimination and Employment Act of 1967 (as amended), the Federal Rehabilitation Act of
7 1973 (as amended), the NLRA, environmental liabilities, debts, claims or obligations arising from
8 conditions first existing on or prior to Closing (including, without limitation, the presence of
9 hazardous, toxic, polluting, or contaminating substances or wastes), which may be asserted on any
10 basis, including, without limitation, under CERCLA, any liabilities, debts or obligations of or required
11 to be paid by the Debtors for any taxes of any kind for any period, labor, employment, or other law,
12 rule or regulation (including without limitation filing requirements under any such laws, rules or
13 regulations), or under any products liability law or doctrine with respect to the Debtors' liability under
14 such law, rule or regulation or doctrine.

15 (r) Other than as expressly set forth in the Agreement with respect to Assumed Liabilities,
16 the Purchaser shall not have any responsibility for (a) any liability or other obligation of the Debtors or
17 related to the Purchased Assets, including, without limitation, the Excluded Liabilities or (b) any
18 remaining Claims against the Debtors or any of their predecessors or affiliates. Except as expressly
19 provided in the Agreement with respect to Assumed Liabilities, the Purchaser shall have no liability
20 whatsoever with respect to the Debtors' (or their predecessors' or affiliates') respective businesses or
21 operations or any of the Debtors' (or their predecessors' or affiliates') obligations (as described herein,
22 "Successor or Transferee Liability") based, in whole or part, directly or indirectly, on any theory of
23 successor or vicarious liability of any kind or character, or based upon any theory of antitrust,
24 environmental, successor or transferee liability, de facto merger or substantial continuity, labor and
25 employment or products liability, whether known or unknown as of the Closing, now existing or
26 hereafter arising, asserted or unasserted, fixed or contingent, liquidated or unliquidated, including
27 liabilities on account of any taxes arising, accruing or payable under, out of, in connection with, or in
28 any way relating to the operation of the Purchased Assets prior to the Closing. Except to the extent

1 expressly included in the Assumed Liabilities with respect to the Purchaser, the Purchaser shall have
2 no liability or obligation under the WARN or CERCLA, or any foreign, federal, state or local labor,
3 employment, or environmental law whether of similar import or otherwise by virtue of the Purchaser's
4 purchase of the Purchased Assets or assumption of the Assumed Liabilities by the Purchaser or an
5 Affiliate of the Purchaser.

6 (s) Except as expressly provided in the Agreement for the Assumed Liabilities, with
7 respect to the Purchaser, nothing in this Order or the Agreement shall require the Purchaser to (a)
8 continue or maintain in effect, or assume any liability in respect of any employee, collective bargaining
9 agreement, pension, welfare, fringe benefit or any other benefit plan, trust arrangement or other
10 agreements to which the Debtors are parties or have any responsibility including, without limitation,
11 medical, welfare and pension benefits payable after retirement or other termination of employment; or
12 (b) assume any responsibility as a fiduciary, plan sponsor or otherwise, for making any contribution to,
13 or in respect of the funding, investment or administration of any employee benefit plan, arrangement or
14 agreement (including but not limited to pension plans) or the termination of any such plan,
15 arrangement or agreement.

16 (t) Effective upon the Closing, and except as set forth in the Agreement, all persons and
17 entities are forever prohibited and enjoined from commencing or continuing in any matter any action
18 or other proceeding, whether in law or equity, in any judicial, administrative, arbitral or other
19 proceeding against the Purchaser, or its assets (including the Purchased Assets), with respect to any (a)
20 Claim or (b) Successor or Transferee Liability including, without limitation, the following actions with
21 respect to clauses (a) and (b): (i) commencing or continuing any action or other proceeding pending or
22 threatened; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award,
23 decree or order; (iii) creating, perfecting or enforcing any lien, claim, interest or encumbrance; (iv)
24 asserting any setoff, right of subrogation or recoupment of any kind; (v) commencing or continuing
25 any action, in any manner or place, that does not comply with, or is inconsistent with, the provisions of
26 this Order or other orders of this Court, or the agreements or actions contemplated or taken in respect
27 hereof; or (vi) revoking, terminating or failing or refusing to renew any license, permit or authorization
28 to operate any of the Purchased Assets or conduct any of the businesses operated with such assets.

1 **Good Faith of Purchaser**

2 (u) The Proposed Sale contemplated by the Agreement is undertaken by the Purchaser
3 without collusion and in good faith, as that term is defined in Section 363(m) of the Bankruptcy Code,
4 and, accordingly, the reversal or modification on appeal of the authorization provided herein to
5 consummate the sale shall not affect the validity of the Proposed Sale (including the assumption and
6 assignment of the Assumed Contracts), unless such authorization and consummation of such sale are
7 duly and properly stayed pending such appeal.

8 (v) Neither the Debtors nor the Purchaser have engaged in any action or inaction that would
9 cause or permit the Proposed Sale to be avoided or costs or damages to be imposed under Section
10 363(n) of the Bankruptcy Code. The consideration provided by the Purchaser for the Purchased Assets
11 under the Agreement is fair and reasonable and the sale may not be avoided under Section 363(n) of
12 the Bankruptcy Code.

13 **Assumption and Assignment of Assumed Contracts**

14 (w) The Debtors are authorized and directed at the Closing to assume and assign each of the
15 Assumed Contracts. The payment of the applicable Cure Amounts shall (a) effect a cure of all defaults
16 existing thereunder as of the Closing, (b) compensate for any actual pecuniary loss to such non-debtor
17 counterparty resulting from such default and (c) together with the assumption of the Assumed
18 Contracts by the Debtors and the assignment of the Assumed Contracts to the Purchaser, constitute
19 adequate assurance of future performance thereof.

20 (x) Any provisions in any Assumed Contract that prohibit or condition the assignment of
21 such Assumed Contract or allow the counterparty to such Assumed Contract to terminate, recapture,
22 impose any penalty, condition on renewal or extension or modify any term or condition upon the
23 assignment of such Assumed Contract, constitute unenforceable anti-assignment provisions that are
24 void and of no force and effect. All other requirements and conditions under Sections 363 and 365 of
25 the Bankruptcy Code for the assumption by the Debtors and assignment to the Purchaser or an Affiliate
26 of the Purchaser of the Assumed Contracts have been satisfied. Upon the Closing, in accordance with
27 Sections 363 and 365 of the Bankruptcy Code, the Purchaser shall be fully and irrevocably vested with
28 all right, title and interest of the Debtors under the Assumed Contracts, and such Assumed Contracts

1 shall remain in full force and effect for the benefit of the Purchaser. Each non-debtor counterparty to
2 the Assumed Contracts shall be forever barred, estopped and permanently enjoined from (a) asserting
3 against the Debtors or the Purchaser or their respective property any assignment fee, acceleration,
4 default, breach or claim or pecuniary loss, or condition to assignment existing, arising or accruing as of
5 the Closing or arising by reason of the Closing, including any breach related to or arising out of
6 change-in-control in such Assumed Contracts, or any purported written or oral modification to the
7 Assumed Contracts and (b) asserting against the Purchaser (or its property, including the Purchased
8 Assets) any claim, counterclaim, defense, breach, condition, setoff asserted or capable of being
9 asserted against the Debtors existing as of the Closing or arising by reason of the Closing except for
10 the Assumed Liabilities.

11 (y) In the case of licenses, certificates, approvals, authorization, leases, contracts,
12 agreements and other commitments include in the Purchased Assets that (a) cannot be transferred or
13 assigned effectively without the consent of third parties, which consent has not been obtained prior to
14 Closing, the Debtors shall, subject to any approval of the Bankruptcy Court that may be required,
15 reasonably cooperate with the Purchaser in endeavoring to obtain such consent and, if any such
16 consent is not obtained, the Debtors shall, following Closing, and subject to any approval of the
17 Bankruptcy Court that may be required, cooperate with the Purchaser in all reasonable respects to
18 provide to the Purchaser the benefits thereof in some other manner or (b) that are otherwise not
19 transferable or assignable, the Debtors shall, following Closing, and subject to any approval of the
20 Bankruptcy Court that may be required, reasonably cooperate with the Purchaser to provide to the
21 Purchaser the benefits thereof in some other manner (including the exercise of the rights of the Debtors
22 thereunder).

23 (z) Upon the Closing and the payment of the relevant Cure Amounts by Debtors or the
24 Purchaser as set forth in the Agreement, the Purchaser shall be deemed to be substituted for the
25 Debtors as a party to the applicable Assumed Contracts and the Debtors shall be released, pursuant to
26 Section 365(k) of the Bankruptcy Code, from any liability under the Assumed Contracts. There shall
27 be no rent accelerations, assignment fees, increases or any other fees charged to the Purchaser or the
28 Debtors as a result of the assumption and assignment of the Assumed Contracts.

1 (aa) Each non-debtor party to an Assumed Contract is forever barred, estopped and
2 permanently enjoined from asserting against the Purchaser, or its property (including without
3 limitation the Purchased Assets), any default existing as of the date of the Sale Hearing, or any
4 counterclaim, defense, setoff or other claim asserted or capable of being asserted against the Debtors.

5 (bb) Other than the Assumed Contracts, the Purchaser assumed none of the Debtors' other
6 contracts and leases and shall have no liability whatsoever thereunder.

7 (cc) The assignments of each of the Assumed Contracts are made in good faith under
8 Sections 363(b) and (m) of the Bankruptcy Code.

9
10 **Other Provisions**

11 (dd) As soon as practicable after Closing, the Debtors shall (a) effectuate a name change to
12 change the name of Debtors. Upon a filing by the Debtors of a notice that the Closing has occurred,
13 the Clerk of the Bankruptcy Court is directed to change the name of the Debtors on the docket of these
14 Chapter 11 Cases and revise the caption of these Chapter 11 Cases accordingly.

15 (ee) The Purchaser is not and will not become obligated to pay any fee or commission or
16 like payment to any broker, finder or financial advisor as a result of the consummation of the
17 transaction contemplated by the Agreement based upon any arrangement made by or on behalf of the
18 Debtors.

19 (ff) This Order is binding upon and inures to the benefit of any successors and assigns of the
20 Debtors or the Purchaser, including any trustee appointed in any subsequent case of the Debtors under
21 chapter 7 of the Bankruptcy Code.

22 (gg) The provisions of this Order and the Agreement are non-severable and mutually
23 dependent.

24 (hh) The Agreement may be modified, amended or supplemented by the parties thereto and
25 in accordance with the terms thereof, without further order of the Court, provided that any such
26 modification, amendment or supplement does not have a material adverse effect on the Debtors'
27 estates.

28 (ii) Nothing in this Order, the Agreement or any asset purchase agreement releases,
nullifies, precludes or enjoins the enforcement of any liability to a governmental unit under police and

1 regulatory statutes or regulations that any entity would be subject to as the owner or operator of
2 property from and after the Closing. Nothing in this Order, the Agreement or any asset purchase
3 agreement authorizes the transfer to the Purchaser of any licenses, permits, registrations or
4 governmental authorizations and approvals that would require government approval prior to such
5 transfer without the Purchaser's compliance with all applicable legal requirements under non-
6 bankruptcy law governing such transfers.

7 (jj) The Court shall retain exclusive jurisdiction to, among other things, interpret,
8 implement and enforce the terms and provisions of this Order and the Agreement, all amendments
9 thereto and any waivers and consents thereunder and each of the agreements executed in connection
10 therewith to which the Debtors are parties or which has been assigned by the Debtors to Purchaser, and
11 to adjudicate, if necessary, any and all disputes concerning or relating in any way to the sale. This
12 Court retains jurisdiction to compel delivery of the Purchased Assets, to protect the Purchaser and its
13 assets, including the Purchased Assets, against any Claims and Successor and Transferee Liability and
14 to enter orders, as appropriate, to transfer the Purchased Assets and the Assumed Contracts to the
15 Purchaser.

16 (kk) Notwithstanding the possible applicability of Rules 6004(h), 6006(d), 7062 and 9014 of
17 the Bankruptcy Rules or otherwise, the terms and conditions of this Order shall be effective
18 immediately upon entry and the Debtors and Purchaser are authorized to close the sale immediately
19 upon entry of this Order.

20 (ll) To the extent any provisions of this Order conflict with, or are otherwise inconsistent
21 with, the terms and conditions of the Agreement or the Bid Procedures Order, this Order shall govern
22 and control, and to the extent the Motion conflicts with, or is otherwise inconsistent with, the terms and
23 conditions of the Agreement, the terms and conditions of the Agreement shall govern and control.

24 DATED AND SIGNED ABOVE.

EXHIBIT "B"

C. Taylor Ashworth, AZ Bar No. 10143
Josh Kahn, AZ Bar No. 26284
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Proposed Attorneys for Debtors and Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re

ARETE HOLDINGS, LLC,

Debtor.

Chapter 11

Case No. 2:11-bk-02009-RTB
(Joint Administration Pending)
Case No. 2:11-bk-02010;
Case No. 2:11-bk-02011;
Case No. 2:11-bk-02012; and
Case No. 2:11-bk-020

This filing applies to: ☒ All Debtors
☐ Arete Holdings, LLC
☐ Arete NW, LLC
☐ Arete Sleep Therapy NW, LLC
☐ Arete Sleep, LLC
☐ Arete Sleep Therapy, LLC

**NOTICE OF SALE OF CERTAIN ASSETS
AT AUCTION**

Hearing Date: None
Hearing Time:
Location: Courtroom # _____
230 N First Ave
Phoenix AZ 85003

PLEASE TAKE NOTICE THAT:

1. As detailed more fully in the Order (i) Approving Bid Procedures, (ii) Granting Certain Bid Protections, (iii) Approving Form And Manner Of Sale Notices, And (iv) Setting Sale Hearing Date In Connection With Sale Of Substantially All the Debtors' Assets, entered on January ___, 2011 (the "Bid Procedures Order"), Areté Sleep, LLC, Areté Sleep Therapy, LLC Areté Holdings, LLC, Areté NW, LLC, and Areté Sleep Therapy NW, LLC (collectively, the "Debtors") entered into an

1 Asset Purchase Agreement (the "Agreement") with Sleep Science, Inc. (the "Proposed Purchaser") for
2 the purchase of substantially all of the Debtors' Assets (the "Purchased Assets").

3 2. All interested parties are invited to make an offer to purchase the Purchased Assets in
4 accordance with the terms and conditions approved by the Bankruptcy Court (the "Bid Procedures").
5 As detailed more fully in the Bid Procedures, any such bids must be accompanied by certain Required
6 Bid Documents, and must be submitted so as to be received by: (i) Areté Holdings, LLC, Attention:
7 Daniel Dempsey, 6263 North Scottsdale Road, Suite 395, Scottsdale, Arizona 85250; (ii) Reed Smith
8 LLP, Attention: Ann E. Pille, 10 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (iii) True
9 North Partners, LLC, 8455 North 90th Street, Suite 4, Scottsdale, Arizona 85258; (iv) the Office of the
10 United States Trustee, 230 N. 1st Avenue, Suite 204, Phoenix, Arizona 85003, later than
11 _____ (prevailing Mountain time) on _____, 2011 (the "Bid Deadline").

12 3. Pursuant to the Bid Procedures, the Debtors may conduct an auction for the Purchased
13 Assets (the "Auction") beginning at _____ (prevailing Mountain time) on
14 _____, 2011 at the offices of Stinson Morrison Hecker LLP, 1850 N. Central
15 Avenue, Suite 2100, Phoenix, Arizona 85004, or such later time or other place as the Debtors will
16 notify all Qualified Bidders who have submitted Qualified Bids.

17 4. Participation at the Auction is subject to the Bid Procedures and the Bid Procedures
18 Order. A copy of the Bid Procedures is available by contacting the undersigned counsel to the Debtors.

19 5. A hearing to approve the Sale of the Purchased Assets to the highest and best bidder
20 will be held on _____, 2011 at _____ (prevailing Mountain time) before the
21 Honorable Redfield T. Baum, United States Bankruptcy Judge, United States Bankruptcy Court for the
22 District of Arizona, 230 N. 1st Avenue, Courtroom 703, Phoenix, Arizona 85003. The hearing on the
23 Sale may be adjourned without notice other than an adjournment in open court.

24 6. Objections, if any, to the proposed Sale must be filed and served in accordance with the
25 Bid Procedures Order and actually received no later than 4:00 p.m. (prevailing Mountain time) on
26 _____, 2011.

27 This notice is qualified in its entirety by the Bidding Procedures Order..

1 DATED this January 26, 2011.

2 **STINSON MORRISON HECKER LLP**

3
4 By: /s/ Josh Kahn (#026284)

5 C. Taylor Ashworth

6 Josh Kahn

7 1850 N. Central Avenue, Suite 2100

8 Phoenix, Arizona 85004-4584

9 and

10 **REED SMITH LLP**

11 Alexander Terras

12 Proposed Attorneys for Debtors

EXHIBIT "C"

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Proposed Attorneys for Debtors and Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re

ARETE HOLDINGS, LLC,

Debtor.

Chapter 11

Case No. 2:11-bk-02009-RTB
(Joint Administration Pending)
Case No. 2:11-bk-02010;
Case No. 2:11-bk-02011;
Case No. 2:11-bk-02012; and
Case No. 2:11-bk-02020

This filing applies to: ☒ All Debtors
☐ Arete Holdings, LLC
☐ Arete NW, LLC
☐ Arete Sleep Therapy NW, LLC
☐ Arete Sleep, LLC
☐ Arete Sleep Therapy, LLC

**ORDER (I) APPROVING BID
PROCEDURES, (II) GRANTING CERTAIN
BID PROTECTIONS, (III) APPROVING
FORM AND MANNER OF SALE NOTICES,
AND (IV) SETTING SALE HEARING DATE
IN CONNECTION WITH SALE OF
SUBSTANTIALLY ALL THE DEBTORS'
ASSETS**

Hearing Date: None
Hearing Time:
Location: Courtroom #703
230 N First Ave
Phoenix AZ 85003

Upon the Debtors' Motion for an Order Approving Sale of Debtors' Assets Under Asset
Purchase Agreement Free and Clear of Liens, Claims and Encumbrances; Approving Assumption and
Assignment of Unexpired Leases and Executory Contracts; and For an Emergency Hearing on

1 Approval of Certain Auction and Bid Procedures, Including a Break-Up Fee; Setting Date and Time
2 for Hearing on Proposed Sale; and Approving Form and Notice of Auction and Sale Hearing (the “Sale
3 Motion”), dated January 26, 2011, of Areté Holdings, LLC, Areté NW, LLC, Areté Sleep, LLC,
4 Areté Sleep Therapy, LLC, and Areté Sleep Therapy NW, LLC (collectively, the “Debtors”), Debtors
5 and Debtors-In-Possession in the above-captioned matter, and upon the record of the hearing held on
6 _____, 2011 (the “Bid Procedures Hearing”); and after due deliberation thereon, and
7 sufficient cause appearing therefor,

8 IT IS HEREBY FOUND AND DETERMINED THAT:

9 A. The Court has jurisdiction over this matter and over the property of the Debtors and
10 their respective bankruptcy estates pursuant to 28 U.S.C. §§ 157(a) and 1334.

11 B. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (N), and (O).

12 C. The relief requested in the Motion and granted herein is in the best interests of the
13 Debtors’ their estates, and other parties-in-interest.

14 D. The notice of the Motion and the Bid Procedures Hearing given by the Debtors
15 constitutes due and sufficient notice thereof.

16 E. The Debtors have articulated good and sufficient reasons for the Court to (i) approve the
17 Bid Procedures, (ii) grant certain bid protections as provided in the Agreement and this order, (iii)
18 approve the manner of notice of the Motion, the Sale Hearing, and the assumption and assignment of
19 the Assumed Contracts, (iv) approve the form of notice of the Motion and the Sale Hearing to be
20 distributed to parties-in-interest, including prospective bidders, (v) approve the form of notice of the
21 assumption and assignment of the Assumed Contracts to be filed with the Court and served on the non-
22 Debtor counterparties thereto, and (vi) set the Sale Hearing.

23 F. The Break-Up Fee and the Expense Reimbursement, as those terms are defined in the
24 Agreement: (i) may be payable in accordance with the terms, conditions, and limitations of the
25 Agreement, (ii) if triggered, shall be deemed actual and necessary costs and expenses of preserving the
26 Debtors’ estates, within the meaning of sections 503 and 507 of the Bankruptcy Code, (iii) are of
27 substantial benefit to the Debtors’ estates, (iv) are reasonable and appropriate, including in light of the
28 size and nature of the proposed sale and the efforts that have been and will be expended by the

1 Proposed Purchaser notwithstanding that the proposed sale is subject to higher or better offers for the
2 Purchased Assets, (v) were negotiated by the parties at arms' length and in good faith, and (vi) are
3 necessary to ensure that the Proposed Purchaser will continue to pursue the proposed acquisition of the
4 Purchased Assets. The Break-Up Fee and Expense Reimbursement were material inducements for, and
5 conditions of, the Proposed Purchaser's entry into the Agreement. The Proposed Purchaser is unwilling
6 to commit to hold open its offer to purchase the Purchased Assets under the terms of the Agreement
7 unless it is assured of payment of the Break-Up Fee and the Expense Reimbursement. Thus, assurance
8 to the Proposed Purchaser of payment of the Break-Up Fee and Expense Reimbursement should
9 promote more competitive bidding by inducing the Proposed Purchaser to hold its bid open. Without
10 the Break-Up Fee and the Expense Reimbursement, other bidding would be limited. Further, because
11 the Break-Up Fee and Expense Reimbursement induced the Proposed Purchaser to submit a bid that
12 will serve as a minimum or floor bid on which other bidders can rely, the Proposed Purchaser has
13 provided a benefit to the Debtors' estates by increasing the likelihood that the price at which the
14 Purchased Assets are sold will reflect their true worth. Finally, absent authorization of the Break-Up
15 Fee and the Expense Reimbursement, the Debtors may lose the opportunity to obtain the highest or
16 otherwise best available offer for the Purchased Assets.

17 G. The Bid Procedures attached hereto as Exhibit 1 (the "Bid Procedures") are reasonable
18 and appropriate and represent the best method for maximizing the realizable value of the Purchased
19 Assets.

20 THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED THAT:

21 **Bid Procedures**

22 1. The Bid Procedures, incorporated herein by reference as if fully set forth herein, are
23 hereby approved and shall govern all events relating to the Agreement, any subsequent bids for the
24 Purchased Assets in these cases, and the Auction, if applicable.

25 2. The Debtors may: (i) determine, in their business judgment, which Qualified Bid is the
26 highest or otherwise best offer, (ii) consult with the representative of any official committee or
27 significant constituent in connection with the Bid Procedures, and (iii) reject, at any time before entry
28 of an order of the Court approving a Qualified Bid, any bid (other than the Proposed Purchaser's bid)

1 which is (a) inadequate or insufficient, (b) not in conformity with the requirements of the Bankruptcy
2 Code or the Bid Procedures, or (c) contrary to the best interests of the Debtors or their estates. The
3 Debtors are authorized: (x) to terminate the bid process or the Auction at any time if they determine, in
4 their business judgment, that the bidding process will not maximize the value of the Purchased Assets
5 to be realized by the Debtors' estates, and (y) to seek Bankruptcy Court approval of the Agreement. If
6 the Debtors do not receive any Qualified Bids other than the Agreement received from the Proposed
7 Purchaser, or should the Debtors terminate the bidding process or the Auction as set forth above, the
8 Debtors shall report the same to the Bankruptcy Court and shall proceed with the proposed sale
9 pursuant to the terms of the Agreement.

10 **Sale Hearing**

11 3. The Court shall hold a Sale Hearing on _____, 2011 at _____
12 (prevailing Mountain time), before the Honorable Redfield T. Baum, United States Bankruptcy Judge,
13 United States Bankruptcy Court for the District of Arizona, 230 N. 1st Avenue, Courtroom 703,
14 Phoenix, Arizona, 80053, at which time the Court shall consider the remainder of the Motion not
15 approved by this order (the "Sale Motion"), and may approve the sale to the Proposed Purchaser or the
16 Successful Bidder, as the case may be, and confirm the results of the Auction, if any. The Sale Hearing
17 or any portion thereof, such as with respect to the proposed assumption and assignment of a particular
18 executory contract, may be adjourned by the Debtors from time to time without further notice to
19 creditors or parties-in-interest other than by announcement of the adjournment in open court or on the
20 Court's calendar on the date scheduled for the Sale Hearing or any adjourned date.

21 4. As detailed more fully in the Bid Procedures, objections to the Sale Motion and/or the
22 assumption or assignment of any Assumed Contract, including objections to any Cure Amount, shall
23 be filed and served no later than _____ (prevailing Mountain time) on
24 _____, 2011 (the "Objection Deadline"). The failure of any objecting person or entity
25 to timely file and serve its objection by the Objection Deadline shall be a bar to the assertion, at the
26 Sale Hearing or thereafter, of any objection to the Sale Motion, the Sale, any Cure Amount, the
27 assumption or assignment of any Assumed Contract for any reason other than the Cure Amount, the
28 Debtors' consummation and performance of the Agreement or any other agreement related to a

1 Successful Bid (including the transfer of the Purchased Assets and the Assumed Contracts free and
2 clear of liens, claims, and encumbrances), with the exception of any objection to the conduct of the
3 Auction or the Debtors' selection of the Successful Bidder, which may be made two business days
4 following the end of the Auction or at the Sale Hearing, whichever is earlier.

5 **Bid Protections**

6 5. The Break-Up Fee and Expense Reimbursement are hereby approved.

7 6. The Debtors' obligation to pay the Break-Up Fee and Expense Reimbursement pursuant
8 to the terms of the Agreement shall survive termination of the Agreement and, until paid in accordance
9 with the Agreement, shall constitute an administrative expense claim in favor of the Proposed
10 Purchaser. The Debtors shall be obligated to pay the Break-Up Fee and the Expense Reimbursement to
11 the Proposed Purchaser in accordance with the terms of the Agreement without further order of the
12 Court. Notwithstanding any other language in this order, the Debtors shall be obligated to pay the
13 Break-Up Fee and/or the Expense Reimbursement only if the Proposed Purchaser is not in material
14 breach of the Agreement.

15 **Notice**

16 7. Notice of (i) the Motion, including the proposed Sale of the Purchased Assets to the
17 Proposed Purchaser, (ii) the Sale Hearing, and (iii) the proposed assumption and assignment of the
18 Assumed Contracts to the Proposed Purchaser pursuant to the Agreement or to a Successful Bidder
19 shall be good, sufficient, and timely notice, and no other or further notice shall be required, if notice is
20 given as follows:

21 8. Within two business days after entry of this order (the "Mailing Date"), the Debtors (or
22 their agent) shall serve the Motion, the Agreement, the proposed Sale Approval Order, the Bid
23 Procedures, and a copy of this order by overnight mail, postage prepaid, upon (i) the Office of the
24 United States Trustee for the District of Arizona, (ii) counsel for the Proposed Purchaser, (iii) counsel
25 for the official committee of unsecured creditors, if any, appointed in these chapter 11 cases, (iv)
26 counsel for True North Partners, LLC, (v) all entities known to have expressed an interest in a
27 transaction with respect to the Purchased Assets during the past six months, (vi) all entities known to
28 have asserted any lien, claim, interest, or encumbrance in or upon the Purchased Assets, (vii) all United

1 States federal, state, and local regulatory or taxing authorities or recording offices, including but not
2 limited to environmental regulatory authorities, which have a reasonably known interest in the relief
3 requested by the Motion, (viii) all counter-parties to the Assumed Contracts, and (ix) the Internal
4 Revenue Service.

5 9. On or before _____, 2011, the Debtors shall file with this Court and
6 serve on all non-Debtor counterparties to the Assumed Contracts a notice (the
7 “Assumption/Assignment Notice”), substantially in the form of the notice attached hereto as Exhibit 2,
8 identifying the Proposed Purchaser as the party which will be assigned all of the Debtors’ right, title,
9 and interest in the Assumed Contracts, subject to completion of the bidding process provided under the
10 Bid Procedures. The non-Debtor counterparty to an Assumed Contract shall have until the Objection
11 Deadline to object to the proposed assumption and assignment to the Proposed Purchaser on any basis,
12 including, but not limited to: (i) an objection to the Cure Amount identified in the
13 Assumption/Assignment Notice; (ii) an objection to any perceived or actual inability of the Proposed
14 Purchaser to provide adequate assurance of future performance; and/or (c) an objection on account of a
15 postpetition default. Any objections to the assumption and assignment of an Assumed Contract to the
16 Proposed Purchaser must: (v) be in writing, (w) state with specificity the reasons for such objection,
17 (x) conform to the Federal Rules of Bankruptcy Procedure, and the Local Bankruptcy Rules for the
18 District of Arizona, (y) be filed with the Bankruptcy Court, and (z) be served so that they are actually
19 received by the Objection Deadline by: (A) Areté Holdings, LLC, Attention: Daniel Dempsey, 6263
20 North Scottsdale Road, Suite 395, Scottsdale, Arizona 85250; (B) Reed Smith LLP, Attention: Ann E.
21 Pille, 10 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (C) True North Partners, LLC, 8455
22 North 90th Street, Suite 4, Scottsdale, Arizona 85258; (D) the Office of the United States Trustee, 230
23 N. 1st Avenue, Suite 204, Phoenix, Arizona 85003; and (E) Sleep Science, Inc., Attention: Mark
24 Hanley, c/o Clinical Research Advantage Holdings, LLC, 2141 East Broadway Road, Tempe, Arizona
25 85282. Any non-debtor party to an Assumed Contract must state in its objection, with specificity, the
26 legal and factual basis of its objection. If no objection is timely received, the non-Debtor counterparty
27 to the Assumed Contract shall be deemed to have consented to the assumption and assignment of the
28

1 Assumed Contract to the Proposed Purchaser and shall be forever barred from asserting any objection
2 with regard to the assumption and assignment.

3 10. On or before _____, 2011, the Debtors' shall cause a notice (the "Qualified
4 Bidder Assumption/Assignment Notice"), substantially in the form of the notice attached hereto as
5 Exhibit 3, to be sent to each non-Debtor party to an Assumed Contract identifying: (i) any contract that
6 has been designated as an Assumed Contract in any Qualified Bid, and (ii) all Qualified Bidders. Each
7 non-Debtor counterparty to an Assumed Contract shall have until the Objection Deadline to object to
8 the proposed assumption and assignment to any Qualified Bidder on any basis, including, but not
9 limited to: (i) an objection to the Cure Amount identified in the Qualified Bidder
10 Assumption/Assignment Notice; (ii) an objection to any perceived or actual inability of the Qualified
11 Bidder to provide adequate assurance of future performance; and/or (c) an objection on account of a
12 postpetition default. Any objections to the assumption and assignment of an Assumed Contract to a
13 Qualified Bidder, who may ultimately become the Successful Bidder, must: (v) be in writing, (w) state
14 with specificity the reasons for such objection, (x) conform to the Federal Rules of Bankruptcy
15 Procedure, and the Local Bankruptcy Rules for the District of Arizona, (y) be filed with the
16 Bankruptcy Court, and (z) be served so that they are actually received by the Objection Deadline by:
17 (A) Areté Holdings, LLC, Attention: Daniel Dempsey, 6263 North Scottsdale Road, Suite 395,
18 Scottsdale, Arizona 85250; (B) Reed Smith LLP, Attention: Ann E. Pille, 10 S. Wacker Drive, Suite
19 4000, Chicago, Illinois 60606; (C) True North Partners, LLC, 8455 North 90th Street, Suite 4,
20 Scottsdale, Arizona 85258; (D) the Office of the United States Trustee, 230 N. 1st Avenue, Suite 204,
21 Phoenix, Arizona 85003; and (E) Sleep Science, Inc., Attention: Mark Hanley, c/o Clinical Research
22 Advantage Holdings, LLC, 2141 East Broadway Road, Tempe, Arizona 85282. Any non-debtor party
23 to an Assumed Contract must state in its objection, with specificity, the legal and factual basis of its
24 objection. If no objection is timely received, the non-Debtor counterparty to the Assumed Contract
25 shall be deemed to have consented to the assumption and assignment of the Assumed Contract to the
26 Successful Bidder and shall be forever barred from asserting any objection with regard to the
27 assumption and assignment.

1 11. Notwithstanding rules 6004(h), 6006(d), 7062, or 9014 of the Federal Rules of
2 Bankruptcy Procedure (the “Bankruptcy Rules”) or any other Bankruptcy Rule or rule 62(a) of the
3 Federal Rules of Civil Procedure, this order shall be immediately effective and enforceable upon its
4 entry and there shall be no stay of execution of this order.

5 12. This Court shall retain jurisdiction to hear and determine all matters arising from the
6 implementation of this order.

7 DATED AND SIGNED ABOVE.
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BID PROCEDURES

Set forth herein are the bidding procedures (the “Bidding Procedures”) to be employed with respect to the proposed sale (the “Sale”) of substantially all of the assets of Areté Sleep, LLC, Areté Sleep Therapy, LLC Areté Holdings, LLC, Areté NW, LLC, and Areté Sleep Therapy NW, LLC (collectively, the “Debtors”). On January 25, 2011, the Debtors executed that certain Asset Purchase Agreement (the “Agreement”) with Sleep Science, Inc. (the “Proposed Purchaser”).¹ The transaction contemplated by the Agreement is subject to competitive bidding as set forth herein and approval by the Bankruptcy Court (as defined herein) pursuant to sections 363 and 365 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), and certain other closing conditions.

On January 26, 2011, the Debtors filed the Debtors’ Motion for an Order Approving Sale of Debtors’ Assets Under Asset Purchase Agreement Free and Clear of Liens, Claims and Encumbrances; Approving Assumption and Assignment of Unexpired Leases and Executory Contracts; and For an Emergency Hearing on Approval of Certain Auction and Bid Procedures, Including a Break-Up Fee; Setting Date and Time for Hearing on Proposed Sale; and Approving Form and Notice of Auction and Sale Hearing (the “Sale Motion”). On _____ 2011, the United States Bankruptcy Court for the District of Arizona (the “Bankruptcy Court”) entered the Order (i) Approving Bid Procedures, (ii) Granting Certain Bid Protections, (iii) Approving Form And Manner Of Sale Notices, And (iv) Setting Sale Hearing Date In Connection With Sale Of Substantially All the Debtors’ Assets (the “Bid Procedures Order”). The Bid Procedures Order set _____, 2011 as the date when the Bankruptcy Court will conduct a hearing (the “Sale Hearing”) to authorize the Debtors to enter into the Agreement.

The Bid Procedures set forth herein describe, among other things, the assets available for sale, the manner in which bidders and bids become Qualified Bidders and Bids, respectively, the coordination of diligence efforts among bidders, the receipt and negotiation of bids received, the conduct of any subsequent Auction (as defined herein), and the ultimate selection of the Successful Bidder(s) (as defined herein). The Debtors intend to consult with, among others, the United States Trustee and, if appointed, the official committee of unsecured creditors (the “Creditors’ Committee”) throughout the sale process. In the event that the Debtors and any party disagree as to the interpretation or application of these Bid Procedures, the Bankruptcy Court will have jurisdiction to hear and resolve such dispute.

1. Assets To Be Sold. With the exception of those assets designated as Excluded Assets in the Agreement, the Purchased Assets include all Debtors’ rights, title and interest in, to and under all assets, rights and properties of the Business (whether real, personal or mixed, tangible and intangible, and of every kind, character and description), which are used, or held for use, in the Business (including the Business as a going concern) or otherwise including any Seller's rights in: (i) tangible personal property, (ii) inventory; (iii) assumed contracts, (iv) business proprietary rights; (v) files and records; (vi) licenses; (vii) security deposits; (viii) warranties; (ix) claims; (x) certifications; and (xi) goodwill.
2. As Is, Where Is. The sale of the Acquired Assets will be on an “as is, where is” basis and without representations or warranties of any kind, nature, or description by the Debtors, their

¹ All capitalized terms used but not otherwise defined in these Bid Procedures have the meanings ascribed to them in the Agreement.

agents, or estates, except, with respect to the Proposed Purchaser, to the extent set forth in the Agreement and, with respect to a Successful Bidder (as defined herein), to the extent set forth in the relevant purchase agreement of such Successful Bidder approved by the Bankruptcy Court.

3. Free Of Any And All Encumbrances. All of the Debtors' right, title, and interest in and to the Purchased Assets, or any portion thereof, to be acquired will be sold free and clear of all Liens except the Permitted Liens (as such terms are defined in the Agreement), and such Liens will attach to the net proceeds of the sale of such Purchased Assets.
4. Participation Requirements. Any person who wishes to participate in the bidding process (a "Potential Bidder") must become a Qualified Bidder. As a prerequisite to becoming a Qualified Bidder, a Potential Bidder, other than the Purchaser, must deliver (unless previously delivered) to the Debtors and their counsel at the addresses provided below, unless otherwise ordered by the Bankruptcy Court or as otherwise determined by Debtors in their sole discretion:
 - a. An executed confidentiality agreement in form and substance satisfactory to Debtors;
 - b. Current audited financial statements of the Potential Bidder, or, if the Potential Bidder is an entity formed for the purpose of acquiring the Purchased Assets, including a portion of the Purchased Assets, current audited financial statements of the equity holders of the Potential Bidder, who will guarantee the obligations of the Potential Bidder, or such other form of financial disclosure and credit-quality support or enhancement acceptable to the Debtors;
 - c. A preliminary (non-binding) proposal reflecting: (i) the purchase price range, (ii) any assets and/or equity interests expected to be excluded, (iii) the structure and financing of the transaction, (iv) any anticipated regulatory approvals required to close the transaction, (v) the anticipated time frame and any anticipated impediments for obtaining such approvals, (vi) any additional conditions to closing that the Potential Bidder may wish to impose, and (vii) the nature and extent of any additional due diligence that the qualified bidder may wish to conduct and the date by which such due diligence would be completed.

A Potential Bidder who satisfies the requirements above and whose financial information and credit-quality support or enhancement demonstrate the financial capability of such Potential Bidder to consummate the Sale if selected as a Successful Bidder, and who the Debtors determine is likely (based on availability of financing, experience, and other considerations) to be able to consummate the Sale within the time frame provided by the Agreement, will be deemed a "Qualified Bidder." Notwithstanding the foregoing, the Proposed Purchaser will be deemed a Qualified Bidder for purposes of the bidding process. As promptly as practicable after a Potential Bidder delivers all of the materials required above, the Debtors will determine, and will notify the Potential Bidder, whether such Potential Bidder is a Qualified Bidder. At the same time that the Debtors notify the Potential Bidder that it is a Qualified Bidder, the Debtors will then promptly allow the Qualified Bidder to begin to conduct due diligence with respect to the Purchased Assets and the Business as described below.

- 1 5. Due Diligence. The Debtors will afford each Qualified Bidder due diligence access to the
2 Purchased Assets and the Business Due diligence access may include such management
3 presentations as may be scheduled by Debtors, access to data rooms, on site inspections, and
4 such other matters which a Qualified Bidder may request and as to which the Debtors may
5 agree. The Debtors will designate an employee or other representative to coordinate all
6 reasonable requests for additional information and due diligence access from Qualified
7 Bidders. Any additional due diligence will not continue after the Bid Deadline. The Debtors
8 may, in their discretion, coordinate diligence efforts such that multiple Qualified Bidders have
9 simultaneous access to due diligence materials and/or simultaneous attendance at management
10 presentations or site inspections. The Debtors (or any of their respective representatives) shall
11 not be obligated to furnish any information relating to Purchased Assets and the Business to
12 any Person other than to Qualified Bidders who make an acceptable preliminary proposal.
- 13 6. Bid Deadline. A Qualified Bidder who desires to make a bid must deliver the Required Bid
14 Documents to: (i) Areté Holdings, LLC, Attention: Daniel Dempsey, 6263 North Scottsdale
15 Road, Suite 395, Scottsdale, Arizona 85250; (ii) Reed Smith LLP, Attention: Ann E. Pille, 10
16 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (iii) True North Partners, LLC, 8455
17 North 90th Street, Suite 4, Scottsdale, Arizona 85258; (iv) the Office of the United States
18 Trustee, 230 N. 1st Avenue, Suite 204, Phoenix, Arizona 85003; so as to be received not later
19 than _____ a.m. (prevailing Mountain time) on _____, 2011 (the “Bid
20 Deadline”). The Debtors may extend the Bid Deadline once or successively, but are not
21 obligated to do so. If the Debtors extends the Bid Deadline, they will promptly notify all
22 Qualified Bidders of such extension.
- 23 7. Bid Requirements. All bids must include the following documents (the “Required Bid
24 Documents”):
- 25 a. A letter stating that the bidder’s offer is irrevocable until two Business Days after the
 - 26 closing of the Sale of the Purchased Assets.
 - 27 b. A complete, comprehensive, and binding asset purchase agreement, together with all
 - 28 schedules and exhibits to such agreement (a “Competing Agreement”)
 - c. A good faith deposit (the “Good Faith Deposit”) in the form of a certified bank check
from a U.S. bank or by wire transfer (or other form acceptable to the Debtors in their
sole discretion) payable to the order of Arete Holdings, LLC (or such other party as the
Debtors may determine) in an amount equal to 10% of the purchase price identified in
the Competing Agreement.
 - d. Written evidence of a commitment for financing, or other evidence of ability to
consummate the proposed transaction, that is satisfactory to the Debtors and their
advisors.
8. Consideration of Qualified Bids. A bid will be considered only if the bid:
- a. Is not conditioned on obtaining financing or on the outcome of unperformed due
diligence by the Qualified Bidder.
 - b. Proposes a transaction on terms and conditions (other than the amount of the
consideration and the particular liabilities being assumed) that the Debtors determine

are similar to and are not materially more burdensome or conditional than those contained in the Agreement and that has a value, either individually or, when evaluated in conjunction with any other Qualified Bid, greater than or equal to the sum of the Purchase Price, plus the amount of the Break-Up Fee and Expense Reimbursement, plus: (i) in the case of the initial Qualified Bid, \$190,000, and (ii) in the case of any subsequent Qualified Bids, \$50,000 over the immediately preceding highest Qualified Bid.

- c. Is not conditioned upon (A) any bid protections, such as a break-up fee, termination fee, expense reimbursement, or similar type of payment and (B) such bid being deemed the Successful Bid by the Debtors.
- d. Includes an acknowledgement and representation that the bidder: (A) has had an opportunity to conduct any and all due diligence regarding the Purchased Assets prior to making its offer, (B) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Purchased Assets in making its bid, (C) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Purchased Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Agreement or a Competing Agreement.
- e. Includes a commitment to consummate the purchase of the Purchased Assets (including the receipt of any required Governmental Approvals) within not more than 15 days after entry of the Sale Approval Order, or in the case of any governmental approvals, 60 days after entry of such order.
- f. Is received by the Bid Deadline.

A bid received from a Qualified Bidder will constitute a "Qualified Bid" only if it includes all of the Required Bid Documents and meets all of the above requirements; provided, however, the Debtors will have the right to entertain bids for the Purchased Assets that do not conform to one or more of the requirements specified in this section, and may deem such bids to be Qualified Bids, including bids for a portion of the Purchased Assets. Notwithstanding the foregoing, the Agreement will be deemed a Qualified Bid, for all purposes in connection with the Bid Process, the Auction, and the Sale. A Qualified Bid will be valued based upon factors such as the net value provided by such bid and the likelihood and timing of consummating such transaction. Each Qualified Bid other than that of the Proposed Purchaser is referred to herein as a "Subsequent Bid."

If the Debtors do not receive any Qualified Bids other than the Agreement received from the Proposed Purchaser, the Debtors will report the same to the Bankruptcy Court and will request approval of the Sale pursuant to the terms of the Agreement as soon as reasonably practicable after the Bid Deadline.

9. Bid Protection Recognizing the Proposed Purchaser's expenditure of time, energy, and resources, the Debtors have agreed to provide certain bidding protections to the Proposed Purchaser. Specifically, the Debtors have determined that the Agreement furthers the goals of the Bid Procedures by setting a floor which all other Qualified Bids must exceed. As a result, the Debtors have agreed that if they do not close with the Proposed Purchaser because the

Debtors consummate an Alternative Transaction, as that term is defined herein, and the Proposed Purchaser is not in breach of the Agreement or the Bidding Procedures, the Debtors will, in certain circumstances, pay to the Proposed Purchaser a Break-Up Fee and Expense Reimbursement. The payment of the Break-Up Fee and Expense Reimbursement will be governed by the provisions of the Agreement and the Bid Procedures Order.

10. Auction If the Debtors receive one or more Qualified Bids in addition to the Agreement, the Debtors will conduct an auction (the "Auction") of the Purchased Assets and the Business upon notice to all Qualified Bidders who have submitted Qualified Bids at _____ (prevailing Mountain time) on _____, 2011 at the offices of Stinson Morrison Hecker LLP, 1850 N. Central Avenue, Suite 2100, Phoenix, Arizona 85004, or such later time or other place as the Debtors will notify all Qualified Bidders who have submitted Qualified Bids (but in no event later than _____, 2011), in accordance with the following procedures:

- a. Only the Debtors, the Proposed Purchaser, a representative of the Office of the United States Trustee, a representative of True North Partners, LLC, and any Qualified Bidder who has timely submitted a Qualified Bid will be entitled to attend the Auction, and only the Proposed Purchaser and other Qualified Bidders will be entitled to make any subsequent Qualified Bids at the Auction.
- b. At least two Business Days prior to the Auction, each Qualified Bidder who has timely submitted a Qualified Bid must inform the Debtors whether it intends to participate in the Auction, and, at least one Business Day prior to the Auction, the Debtors will provide copies of the Qualified Bid or combination of Qualified Bids which the Debtors believe is the highest or otherwise best offer (the "High Bid") to all Qualified Bidders who have informed the Debtors of their intent to participate in the Auction.
- c. All Qualified Bidders will be entitled to be present for all Subsequent Bids with the understanding that the true identity of each bidder will be fully disclosed to all other bidders and that all material terms of each Subsequent Bid will be fully disclosed to all other bidders throughout the entire Auction.
- d. The Debtors may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances (e.g., the amount of time allotted to make Subsequent Bids), provided that such rules are not inconsistent with these Bid Procedures, the Bankruptcy Code, the Bankruptcy Rules, or any order of the Bankruptcy Court entered in connection herewith.
- e. Bidding at the Auction will begin with the High Bid and continue, on terms and conditions identical to the High Bid (other than the name of the purchaser(s)) in minimum increments of at least \$50,000 higher than the previous bid or bids. The Auction will continue in one or more rounds of bidding and will conclude after each Qualified Bidder has had the opportunity to submit one or more additional Subsequent Bids with full knowledge and written confirmation of the then-existing highest bid or bids. For the purpose of evaluating the value of the consideration provided by Subsequent Bids (including any Subsequent Bid by the Proposed Purchaser), the Debtors may give effect to any Break-Up Fee that may be payable to the Proposed Purchaser under the Agreement.

1 11. Selection Of Successful Bid. At the conclusion of the foregoing Auction, the Debtors will
2 identify the highest offer(s) for the Purchased Assets and the Business received at the Auction
(the "Successful Bid(s)" and the bidder(s) making such bid, the "Successful Bidder(s)").

3 The Debtors will sell the Purchased Assets for the highest Qualified Bid to the Successful
4 Bidder upon the approval of such Qualified Bid by the Bankruptcy Court after the Sale
Hearing.

5 The Debtors' presentation of a particular Qualified Bid to the Court for approval does not
6 constitute the Sellers' acceptance of the bid. The Debtors will be deemed to have accepted a
bid only when the bid has been approved by the Bankruptcy Court at the Sale Hearing.

7 12. Objections to the Sale Motion. Objections to the Sale Motion, if any, shall be filed and served
8 no later than _____ (prevailing Mountain time) on _____, 2011 (the
9 "Objection Deadline"). The failure of any objecting person or entity to timely file and serve its
10 objection by the Objection Deadline shall be a bar to the assertion, at the Sale Hearing or
11 thereafter, of any objection to the Sale Motion, the Sale, or the Debtors' consummation and
12 performance of the Agreement (including the transfer of the Purchased Assets and the
Assumed Contracts free and clear of liens, claims, and encumbrances), with the exception of
any objection to the conduct of the Auction or the Debtors' selection of the Successful Bidder,
which may be made two business days following the end of the Auction or at the Sale Hearing,
whichever is earlier.

13 13. The Sale Hearing. The Sale Hearing will be held before the Honorable Redfield T. Baum,
14 United States Bankruptcy Judge, United States Bankruptcy Court for the District of Arizona,
230 N. 1st Avenue, Courtroom 703, Phoenix, Arizona, 80053, on _____,
15 2011, at _____ (prevailing Mountain time), but may be adjourned or rescheduled in the
16 Debtors' discretion, subject to Bankruptcy Court approval, as necessary, without further notice
other than an announcement of the adjourned date at the Sale Hearing. If the Debtors do not
17 receive any Qualified Bids (other than the Qualified Bid of the Proposed Purchaser), the
Debtors will report the same to the Bankruptcy Court at the Sale Hearing and will proceed
18 with a sale of the Purchased Assets to the Proposed Purchaser following entry of the Sale
Order. If the Debtors do receive additional Qualified Bids, then, at the Sale Hearing, the
19 Debtors will seek approval of the Successful Bid(s) as well as the second highest or best
Qualified Bid(s) (the "Alternate Bid(s)," and such bidder(s), the "Alternate Bidder(s)").
20 Following approval of the Sale to the Successful Bidder(s), if the Successful Bidder(s) fail(s)
to consummate the sale because of: (i) failure of a condition precedent beyond the control of
21 either the Debtors or the Successful Bidder(s) or (ii) a breach or failure to perform on the part
of such Successful Bidder(s), then the Alternate Bid(s) will be deemed to be the Successful
22 Bid(s) and the Debtors will be authorized, but not directed, to effectuate a sale to the Alternate
Bidder(s) subject to the terms of the Alternate Bid(s) of such alternate Bidder(s) without
23 further order of the Bankruptcy Court.

24 14. Return Of Good Faith Deposits. The Good Faith Deposits of all Qualified Bidders (except for
25 the Successful Bidder) will be held in an interest-bearing escrow account and all Qualified
Bids will remain open (notwithstanding Bankruptcy Court approval of a sale pursuant to the
26 terms of one or more Successful Bids by one or more Qualified Bidders) until two Business
Days following the closing of the Sale (the "Return Date"). Notwithstanding the foregoing, the
27 Good Faith Deposit, if any, submitted by the Successful Bidder(s), together with interest
thereon, will be applied against the payment of the Purchase Price upon closing of the Sale to
28

1 the Successful Bidder(s). If a Successful Bidder breaches its obligations under the Bid
2 Procedures Order or any agreement entered into with respect to its Successful Bid or fails to
3 consummate a sale because of a breach or failure to perform on the part of such Successful
4 Bidder, the Debtors will not have any obligation to return the Good Faith Deposit deposited by
5 such Successful Bidder, and such Good Faith Deposit will irrevocably become property of the
6 Debtors' estates. On the Return Date, the Debtors will return the Good Faith Deposits of all
7 other Qualified Bidders, together with the accrued interest thereon.

8
9 15. Reservations Of Rights. The Debtors: (i) may determine which Qualified Bid, if any, is the
10 highest or otherwise best offer and (ii) may at any time reject any bid (other than the Proposed
11 Purchaser's initial bid) that is: (a) inadequate or insufficient, (b) not in conformity with the
12 requirements of the Bankruptcy Code, the Bid Procedures, or the terms and conditions of the
13 Sale, or (c) contrary to the best interests of the Debtors, their estates, and their stakeholders as
14 determined by the Debtors in their sole discretion.

15
16 16. Notice to Non-Debtor Parties In Interest. The Debtors shall give notice of the Proposed Sale,
17 the Auction, and these Bid Procedures as follows:

18
19 a. Within two business days after entry of the Bid Procedures Order (the "Mailing Date"),
20 the Debtors (or their agent) shall serve a copy of the Sale Motion, the Agreement, the
21 proposed Sale Approval Order, these Bid Procedures, and a copy of the Bid Procedures
22 Order by overnight mail, postage prepaid, upon (i) the Office of the United States
23 Trustee for the District of Arizona, (ii) counsel for the Proposed Purchaser, (iii) counsel
24 for the official committee of unsecured creditors, if any, appointed in these chapter 11
25 cases, (iv) counsel for True North Partners, LLC, (v) all entities known to have
26 expressed an interest in a transaction with respect to the Purchased Assets during the
27 past six months, (vi) all entities known to have asserted any lien, claim, interest, or
28 encumbrance in or upon the Purchased Assets, (vii) all United States federal, state, and
local regulatory or taxing authorities or recording offices, including but not limited to
environmental regulatory authorities, which have a reasonably known interest in the
relief requested by the Motion, (viii) all counter-parties to the Assumed Contracts, and
(ix) the Internal Revenue Service.

a. On or before _____, 2011, the Debtors shall file with this Court and
serve on all non-Debtor counterparties to the Assumed Contracts a notice (the
"Assumption/Assignment Notice"), substantially in the form of the notice attached to
the Bid Procedures Order as Exhibit 2, identifying the Proposed Purchaser as the party
which will be assigned all of the Debtors' right, title, and interest in the Assumed
Contracts, subject to completion of the bidding process provided under the Bid
Procedures. The non-Debtor counterparty to an Assumed Contract shall have until the
Objection Deadline to object to the proposed assumption and assignment to the
Proposed Purchaser on any basis, including, but not limited to: (i) an objection to the
Cure Amount identified in the Assumption/Assignment Notice; (ii) an objection to any
perceived or actual inability of the Proposed Purchaser to provide adequate assurance of
future performance; and/or (c) an objection on account of a postpetition default. Any
objections to the assumption and assignment of an Assumed Contract to the Proposed
Purchaser must: (v) be in writing, (w) state with specificity the reasons for such
objection, (x) conform to the Federal Rules of Bankruptcy Procedure, and the Local
Bankruptcy Rules for the District of Arizona, (y) be filed with the Bankruptcy Court,

and (z) be served so that they are actually received by the Objection Deadline by: (A) Areté Holdings, LLC, Attention: Daniel Dempsey, 6263 North Scottsdale Road, Suite 395, Scottsdale, Arizona 85250; (B) Reed Smith LLP, Attention: Ann E. Pille, 10 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (C) True North Partners, LLC, 8455 North 90th Street, Suite 4, Scottsdale, Arizona 85258; (D) the Office of the United States Trustee, 230 N. 1st Avenue, Suite 204, Phoenix, Arizona 85003; and (E) Sleep Science, Inc., Attention: Mark Hanley, c/o Clinical Research Advantage Holdings, LLC, 2141 East Broadway Road, Tempe, Arizona 85282. Any non-debtor party to an Assumed Contract must state in its objection, with specificity, the legal and factual basis of its objection. If no objection is timely received, the non-Debtor counterparty to the Assumed Contract shall be deemed to have consented to the assumption and assignment of the Assumed Contract to the Proposed Purchaser and shall be forever barred from asserting any objection with regard to the assumption and assignment.

- c. On or before _____, 2011, the Debtors' shall cause a notice (the "Qualified Bidder Assumption/Assignment Notice"), substantially in the form of the notice attached to the Bid Procedures Order as Exhibit 3, to be sent to each non-Debtor party to an Assumed Contract identifying: (i) any contract that has been designated as an Assumed Contract in any Qualified Bid, and (ii) all Qualified Bidders. Each non-Debtor counterparty to an Assumed Contract shall have until the Objection Deadline to object to the proposed assumption and assignment to any Qualified Bidder on any basis, including, but not limited to: (i) an objection to the Cure Amount identified in the Qualified Bidder Assumption/Assignment Notice; (ii) an objection to any perceived or actual inability of the Qualified Bidder to provide adequate assurance of future performance; and/or (c) an objection on account of a postpetition default. Any objections to the assumption and assignment of an Assumed Contract to a Qualified Bidder, who may ultimately become the Successful Bidder, must: (v) be in writing, (w) state with specificity the reasons for such objection, (x) conform to the Federal Rules of Bankruptcy Procedure, and the Local Bankruptcy Rules for the District of Arizona, (y) be filed with the Bankruptcy Court, and (z) be served so that they are actually received by the Objection Deadline by: (A) Areté Holdings, LLC, Attention: Daniel Dempsey, 6263 North Scottsdale Road, Suite 395, Scottsdale, Arizona 85250; (B) Reed Smith LLP, Attention: Ann E. Pille, 10 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (C) True North Partners, LLC, 8455 North 90th Street, Suite 4, Scottsdale, Arizona 85258; (D) the Office of the United States Trustee, 230 N. 1st Avenue, Suite 204, Phoenix, Arizona 85003; and (E) Sleep Science, Inc., Attention: Mark Hanley, c/o Clinical Research Advantage Holdings, LLC, 2141 East Broadway Road, Tempe, Arizona 85282. Any non-debtor party to an Assumed Contract must state in its objection, with specificity, the legal and factual basis of its objection. If no objection is timely received, the non-Debtor counterparty to the Assumed Contract shall be deemed to have consented to the assumption and assignment of the Assumed Contract to the Successful Bidder and shall be forever barred from asserting any objection with regard to the assumption and assignment.

EXHIBIT 2

C. Taylor Ashworth, AZ Bar No. 10143
Josh Kahn, AZ Bar No. 26284
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Proposed Attorneys for Debtors and Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re

ARETE HOLDINGS, LLC,

Debtor.

Chapter 11

Case No. 2:11-bk-02009-RTB
(Joint Administration Pending)
Case No. 2:11-bk-02010;
Case No. 2:11-bk-02011;
Case No. 2:11-bk-02012; and
Case No. 2:11-bk-02020

This filing applies to: ☒ All Debtors
☐ Arete Holdings, LLC
☐ Arete NW, LLC
☐ Arete Sleep Therapy NW, LLC
☐ Arete Sleep, LLC
☐ Arete Sleep Therapy, LLC

**NOTICE OF PROPOSED ASSUMPTION
AND ASSIGNMENT OF
EXECUTORY CONTRACT OR
UNEXPIRED LEASE TO QUALIFIED
BIDDERS WITH SALE OF
SUBSTANTIALLY ALL THE DEBTORS'
ASSETS**

Hearing Date: None
Hearing Time:
Location: Courtroom #703
230 N First Ave
Phoenix AZ 85003

PLEASE TAKE NOTICE THAT:

1. As detailed more fully in the Order (i) Approving Bid Procedures, (ii) Granting Certain Bid Protections, (iii) Approving Form And Manner Of Sale Notices, And (iv) Setting Sale Hearing Date In Connection With Sale Of Substantially All the Debtors' Assets, entered on January __, 2011

1 (the "Bid Procedures Order"), Areté Sleep, LLC, Areté Sleep Therapy, LLC Areté Holdings, LLC,
2 Areté NW, LLC, and Areté Sleep Therapy NW, LLC (collectively, the "Debtors") entered into an
3 Asset Purchase Agreement (the "Agreement") with Sleep Science, Inc. (the "Proposed Purchaser") for
4 the purchase of substantially all of the Debtors' Assets (the "Purchased Assets").¹

5 2. Pursuant to the Bid Procedures set forth in the Bid Procedures Order and the
6 attachments thereto, the following parties, in addition to the Proposed Purchaser, have submitted
7 Qualified Bids for the Purchased Assets and will participate in an Auction to be held on
8 _____, 2011 at the offices of Stinson Morrison Hecker LLP, 1850 N. Central Avenue,
9 Suite 2100, Phoenix, Arizona 85004, or such later time or other place as the Debtors will notify all
10 Qualified Bidders who have submitted Qualified Bids (but in no event later than _____,
11 2011).

12 3. Pursuant to the terms of the Agreement (or any asset sale and purchase agreement that
13 the Debtors may enter into with the Successful Bidder), the Debtors may seek to assume and assign the
14 prepetition contracts (the "Assumed Contracts") listed on Exhibit 1 hereto to the Proposed Purchaser or
15 the Successful Bidder, as case may be, subject to approval at the hearing to be held at _____
16 (prevailing Mountain Time) on _____, 2011 (the "Sale Hearing"), before the Honorable
17 Redfield T. Baum, United States Bankruptcy Judge, United States Bankruptcy Court for the District of
18 Arizona, 230 N. 1st Avenue, Courtroom 703, Phoenix, Arizona 85003.

19 4. Unless otherwise noted on Exhibit 1, non-Debtor counterparties to Assumed Contracts
20 will be entitled to recover only those amounts that the Debtors believe are necessary to assume the
21 Assumed Contracts under section 365 of the Bankruptcy Code (the "Cure Amounts"), and will be
22 barred and enjoined from asserting at the Sale Hearing or otherwise that any other amounts are owing
23 on account of any prepetition default. Cure Amounts, if any, will only be paid to the non-Debtor
24 counterparty to such Assumed Contracts. In addition, should a non-Debtor counterparty to an Assumed
25 Contract wish to object to the adequate assurance of future performance by the Proposed Purchaser
26 _____
27 _____

28 ¹ Any capitalized term not otherwise defined herein shall have the same meaning ascribed to it in the Bid Procedures Order.

1 and/or assert that a postpetition default exists which must be cured pursuant to section 365 of the
2 Bankruptcy Code, such counterparty must file an objection as set forth in paragraph 6 below.

3 5. The Debtors assert that pursuant to 11 U.S.C. § 365, there is adequate assurance that the
4 Cure Amount set forth on Exhibit 1 hereto will be paid in accordance with the terms of the order
5 approving a sale of substantially all the Debtors' assets (the "Sale Approval Order"). Further, the
6 Debtors assert that there is adequate assurance of the Qualified Bidders' future performance under the
7 executory contract or unexpired lease to be assumed and assigned because of the significant resources
8 of the Qualified Bidders.

9 6. Objections, if any, to the assumption and assignment of an Assumed Contract to a
10 Qualified Bidder, who may ultimately become the Successful Bidder, must: (a) be in writing, (b) state
11 with specificity the reasons for such objection, (c) conform to the Federal Rules of Bankruptcy
12 Procedure, and the Local Bankruptcy Rules for the District of Arizona, (d) be filed with the
13 Bankruptcy Court, and (e) be served in hard-copy form so that they are actually received by
14 _____, 2011 (the "Objection Deadline") by: (i) Areté Holdings, LLC, Attention: Daniel
15 Dempsey, 6263 North Scottsdale Road, Suite 395, Scottsdale, Arizona 85250; (ii) Reed Smith LLP,
16 Attention: Ann E. Pille, 10 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606; (iii) True North
17 Partners, LLC, 8455 North 90th Street, Suite 4, Scottsdale, Arizona 85258; (iv) the Office of the
18 United States Trustee, 230 N. 1st Avenue, Suite 204, Phoenix, Arizona 85003; and (v) Sleep Science,
19 Inc., Attention: Mark Hanley, c/o Clinical Research Advantage Holdings, LLC, 2141 East Broadway
20 Road, Tempe, Arizona 85282.

21 7. If an objection to the assumption and assignment of an Assumed Contract to any
22 Qualified Bidder set forth above is timely filed and received, a hearing with respect to the objection
23 will be held before Honorable Redfield T. Baum, United States Bankruptcy Judge, United States
24 Bankruptcy Court for the District of Arizona, 230 N. 1st Avenue, Courtroom 703, Phoenix, Arizona
25 85003, at the Sale Hearing or such other date and time as the Court may schedule. If no objection is
26 timely filed and received, each non-Debtor counterparty to an Assumed Contract will be deemed to
27 have consented to the assumption and assignment of the Assumed Contract to the Qualified Bidder that
28 is selected as the Successful Bidder and will be forever barred from asserting any other claims as to

1 such Assumed Contract, including, but not limited to, the propriety or effectiveness of the assumption
2 and assignment of the Assumed Contract, against the Debtors or the Successful Bidder, or the property
3 of either of them.

4 8. Prior to the Closing Date, the Debtors may revise their decision with respect to the
5 assumption and/or assignment of any Assumed Contract and provide a new notice amending the
6 information provided in this notice.

7 RESPECTFULLY SUBMITTED this January 26, 2011.

8 **STINSON MORRISON HECKER LLP**

9
10 By: /s/ Josh Kahn (#026284)

11 C. Taylor Ashworth
12 Josh Kahn
13 1850 N. Central Avenue, Suite 2100
14 Phoenix, Arizona 85004-4584
15 and
16 **REED SMITH LLP**
17 Alexander Terras
18 Proposed Attorneys for Debtors
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SCHEDULE A

CONTRACT DESCRIPTION	CURE AMOUNT

EXHIBIT 3

C. Taylor Ashworth, AZ Bar No. 10143
Josh Kahn, AZ Bar No. 26284
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Proposed Attorneys for Debtors and Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re
ARETE HOLDINGS, LLC,

Debtor.

Chapter 11

Case No. 2:11-bk-02009-RTB
(Joint Administration Pending)
Case No. 2:11-bk-02010;
Case No. 2:11-bk-02011;
Case No. 2:11-bk-02012; and
Case No. 2:11-bk-02020

This filing applies to: ☒ All Debtors
☐ Arete Holdings, LLC
☐ Arete NW, LLC
☐ Arete Sleep Therapy NW, LLC
☐ Arete Sleep, LLC
☐ Arete Sleep Therapy, LLC

**NOTICE OF ASSUMPTION AND
ASSIGNMENT OF EXECUTORY
CONTRACT OR UNEXPIRED LEASE TO
PROPOSED PURCHASER IN CONNECTION
WITH SALE OF SUBSTANTIALLY ALL
THE DEBTORS' ASSETS**

Hearing Date: None
Hearing Time:
Location: Courtroom #703
230 N First Ave
Phoenix AZ 85003

PLEASE TAKE NOTICE THAT:

1. Pursuant to the Order (i) Approving Bid Procedures, (ii) Granting Certain Bid Protections, (iii) Approving Form And Manner Of Sale Notices, And (iv) Setting Sale Hearing Date In Connection With Sale Of Substantially All The Debtors' Assets, entered on January __, 2011 (the "Bid

1 Procedures Order”), Areté Sleep, LLC, Areté Sleep Therapy, LLC Areté Holdings, LLC, Areté NW,
2 LLC, and Areté Sleep Therapy NW, LLC (collectively, the “Debtors”) have entered into an Asset
3 Purchase Agreement (the “Agreement”) with Sleep Science, Inc. (the “Proposed Purchaser”) on
4 January 25, 2011 for the purchase of substantially all of the Debtor’ assets (the “Purchased Assets”).¹

5 2. Pursuant to the terms of the Agreement, and subject to completion of a competitive
6 bidding process described in the Bid Procedures Order and the attachments thereto, the Debtors will
7 seek to assume and assign certain prepetition contracts (collectively, the “Assumed Contracts”) listed
8 on Exhibit 1 hereto to the Proposed Purchaser at the hearing to be held at _____ (prevailing
9 Mountain time) on _____, 2011 (the “Sale Hearing”) before the Honorable Redfield T.
10 Baum, United States Bankruptcy Judge, United States Bankruptcy Court for the District of Arizona,
11 230 N. 1st Avenue, Courtroom 703, Phoenix, Arizona, 80053.

12 3. Unless otherwise noted on Exhibit 1, non-Debtor counterparties to Assumed Contracts
13 will be entitled to recover only those amounts that the Debtors believe are necessary to assume the
14 Assumed Contracts under section 365 of the Bankruptcy Code (the “Cure Amounts”), and will be
15 barred and enjoined from asserting at the Sale Hearing or otherwise that any other amounts are owing
16 on account of any prepetition default. Cure Amounts, if any, will only be paid to the non-Debtor
17 counterparty to such Assumed Contracts. In addition, should a non-Debtor counterparty to an Assumed
18 Contract wish to object to the adequate assurance of future performance by the Proposed Purchaser
19 and/or assert that a postpetition default exists which must be cured pursuant to section 365 of the
20 Bankruptcy Code, such counterparty must file an objection as set forth in paragraph 4 below.

21 4. Objections, if any, to the assumption and assignment of an Assumed Contract, including
22 objections asserting the existence of a postpetition default that must be cured and/or the anticipated
23 failure of the Proposed Purchaser to provide adequate assurance of future performance under section
24 365 of the Bankruptcy Code, must (a) be in writing, (b) state with specificity the reasons for such
25 objection, (c) conform to the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for
26 the District of Arizona, (d) be filed with the Bankruptcy Court, and (e) be served in hard-copy form so

27 _____
28 ¹ Any capitalized term not otherwise defined herein shall have the same meaning ascribed to it in the Bid Procedures Order.

1 that it is actually received by _____, 2011 (the “Objection Deadline”) by: (i) Areté
2 Holdings, LLC, Attention: Daniel Dempsey, 6263 North Scottsdale Road, Suite 395, Scottsdale,
3 Arizona 85250; (ii) Reed Smith LLP, Attention: Ann E. Pille, 10 S. Wacker Drive, Suite 4000,
4 Chicago, Illinois 60606; (iii) True North Partners, LLC, 8455 North 90th Street, Suite 4, Scottsdale,
5 Arizona 85258; (iv) the Office of the United States Trustee, 230 N. 1st Avenue, Suite 204, Phoenix,
6 Arizona 85003; and (v) Sleep Science, Inc., Attention: Mark Hanley, c/o Clinical Research Advantage
7 Holdings, LLC, 2141 East Broadway Road, Tempe, Arizona 85282.

8 5. If an objection to the assumption and assignment of a Assumed Contract is timely filed
9 and received, a hearing with respect to the objection will be held before the Honorable Redfield T.
10 Baum, United States Bankruptcy Judge, United States Bankruptcy Court for the District of Arizona,
11 230 N. 1st Avenue, Courtroom 703, Phoenix, Arizona 85003, at the Sale Hearing or such other date
12 and time as the Court may schedule. If no objection is timely received, each non-Debtor party to an
13 Assumed Contract will be deemed to have consented to the assumption and assignment of the
14 Assumed Contract to the Proposed Purchaser and will be forever barred from asserting any other
15 claims, including, but not limited to, the propriety or effectiveness of the assumption and assignment of
16 the Assumed Contract, against the Debtors or the Proposed Purchaser, or the property of either of
17 them.

18 6. Pursuant to 11 U.S.C. § 365, the Debtors assert there is adequate assurance of future
19 performance that the Cure Amount set forth on Exhibit 1 hereto will be paid in accordance with the
20 terms of any order approving the Proposed Sale. Further, the Debtors assert that there is adequate
21 assurance of the Proposed Purchaser’s future performance under the executory contract or unexpired
22 lease to be assumed and assigned because of the significant resources of the Proposed Purchaser.

23 7. Prior to the Closing Date, the Debtors may revise their decision with respect to the
24 assumption and/or assignment of any Assumed Contract and provide a new notice amending the
25 information provided in this notice.
26
27
28

1 DATED this January 26, 2011.

2 **STINSON MORRISON HECKER LLP**

3
4 By: /s/ Josh Kahn (#026284)

5 C. Taylor Ashworth

6 Josh Kahn

7 1850 N. Central Avenue, Suite 2100

8 Phoenix, Arizona 85004-4584

9 and

10 **REED SMITH LLP**

11 Alexander Terras

12 Proposed Attorneys for Debtors

SCHEDULE A

CONTRACT DESCRIPTION	CURE AMOUNT

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EXHIBIT "D"

C. Taylor Ashworth, AZ Bar No. 10143
Christopher Graver, AZ Bar #013235
Josh Kahn, AZ Bar No. 26284
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Proposed Attorneys for Debtors and Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re

ARETE HOLDINGS, LLC,

Debtor.

Chapter 11

Case No. 2:11-bk-02009-RTB
(Joint Administration Pending)
Case No. 2:11-bk-02010;
Case No. 2:11-bk-02011;
Case No. 2:11-bk-02012; and
Case No. 2:11-bk-020

This filing applies to: ☒ All Debtors
☐ Arete Holdings, LLC
☐ Arete NW, LLC
☐ Arete Sleep Therapy NW, LLC
☐ Arete Sleep, LLC
☐ Arete Sleep Therapy, LLC

**ORDER AUTHORIZING (A) THE SALE OF
SUBSTANTIALLY ALL OF THE
DEBTORS' ASSETS; (B) THE DEBTORS
TO ENTER INTO AND PERFORM THEIR
OBLIGATIONS UNDER THE ASSET
PURCHASE AGREEMENT; (C) THE
DEBTORS TO ASSUME AND ASSIGN THE
ASSUMED CONTRACTS; AND (D)
GRANTING RELATED RELIEF**

Hearing Date: None
Hearing Time:
Location: Courtroom #703
230 N First Ave
Phoenix AZ 85003

Upon the Debtors' Motion for an Order Approving Sale of Debtors' Assets Under Asset
Purchase Agreement Free and Clear of Liens, Claims and Encumbrances; Approving Assumption and

1 Assignment of Certain Unexpired Leases and Executory Contracts; and for an Emergency Hearing on
2 Approval of Certain Auction and Bid Procedures, including a Break-Up Fees; Setting Date and Time
3 for Hearing on Proposed Sale; and Approving Form and Notice of Auction and Sale Hearing (the
4 “Motion”) ¹, filed by Areté Holdings, LLC, Areté NW, LLC, Areté Sleep, LLC, Areté Sleep Therapy,
5 LLC, and Areté Sleep Therapy NW, LLC (collectively, the “Debtors”), Debtors and Debtors-In-
6 Possession in the above-captioned matter; this Court having entered an order approving, among other
7 things, the Bid Procedures, the Break-Up Fee and the Expense Reimbursement [Docket No. ____
8 ____] (the “Bid Procedures Order”); [no other Qualified Bids in having been received in accordance
9 with Bid Procedures Order, and no Auction having been conducted in accordance with the Bid
10 Procedures Order] [Qualified Bids having been received from _____ prior to the Bid
11 Deadline, and the Debtors having conducted the Auction in accordance with the Bid Procedures
12 Order]; Sleep Science, Inc. (the “Purchaser”) having submitted the highest or otherwise best offer; the
13 Court having conducted a hearing on the Motion commencing on _____, 2011 (the “Sale Hearing”)
14 at which time all interested parties were offered an opportunity to be heard with respect to the Motion;
15 the Court having reviewed and considered the Motion, the Agreement, the Bid Procedures Order, the
16 record of the hearing before the Court on _____, 2011 (the “Bid Procedures Hearing”) at which
17 the Bid Procedures Order was approved and all objections to the Proposed Sale and the Agreement
18 filed in accordance with the Bid Procedures Order; the appearance of all interested parties and all
19 responses and objections to the Motion having been duly noted in the record of the Sale Hearing; and
20 upon the record of the Sale Hearing, and having heard statements of counsel and the evidence
21 presented in support of the relief requested in the Motion at the Sale Hearing; and upon all of the
22 proceedings had before the Court, and any objections and responses to the relief requested in the
23 Motion having been heard and overruled, continued or resolved in their entirety, and it appearing that
24 due notice of the Motion, the Agreement, the Bid Procedures Order and the Auction having been
25 provided; and it appearing that the relief requested in the Motion is in the best interests of the Debtors,

26 _____
27 ¹ All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement (as
28 defined herein) and the Motion, as applicable.

1 their estates, stakeholders and all other parties-in-interest; and it appearing that the Court has
2 jurisdiction over this matter; and it further appearing that the legal and factual bases set forth in the
3 Motion and at the Sale Hearing establish just cause for the relief granted herein; and after due
4 deliberation thereon,

5 **THE COURT EXPRESSLY FINDS AS FOLLOWS:**

6
7 **Jurisdiction, Venue and Final Order**

8 1. This Court has jurisdiction to hear and determine the Motion pursuant to 28 U.S.C.
9 §§ 157 and 1334. Venue is proper in this District and in this Court pursuant to 28 U.S.C. §§ 1408 and
10 1409.

11 **Notice of the Proposed Sale, Agreement, Sale Hearing, Auction and the Cure Amounts**

12 2. As evidenced by the affidavits of service previously filed with this Court, proper,
13 timely, adequate and sufficient notice of the Motion, the Auction, the Sale Hearing, the Agreement and
14 the Proposed Sale have been provided in accordance with Sections 363 and 365 of the Bankruptcy
15 Code, and Bankruptcy Rules 2002, 6004 and 6006. The Debtors have complied with all obligations to
16 provide notice of the Motion, the Auction, the Sale Hearing, the Agreement and the Proposed Sale as
17 required by the Bid Procedures Order. The aforementioned notices are good, sufficient and
18 appropriate under the circumstances, and no other or further notice of the Motion, the Auction, the Sale
19 Hearing, the Agreement or the Proposed Sale is required for the entry of this Order.

20 3. A reasonable opportunity to object or to be heard regarding the relief requested in the
21 Motion was afforded to all interested persons and entities.

22 4. In accordance with the Bid Procedures Order, the Debtors have served a notice (as
23 amended, modified or otherwise supplemented from time to time, the "Assumption/Assignment
24 Notice") of the potential assumption and assignment of the Assumed Contracts and of the proposed
25 cure amounts (each, a "Cure Amount" and, collectively, the "Cure Amounts") upon each non-Debtors
26 counterparty to an Assumed Contract. The service and provision of the Assumption/Assignment
27 Notice was good, sufficient and appropriate under the circumstances and no further notice need be
28 given in respect of the assumption and assignment of the Assumed Contracts or establishing a Cure

1 Amount for the respective Assumed Contracts. Non-Debtors counterparties to the Assumed Contracts
2 have had an adequate opportunity to object to assumption and assignment of the applicable Assumed
3 Contracts and the Cure Amount set forth in the Assumption/Assignment Notice (including objections
4 related to the adequate assurance of future performance and objections based on whether applicable
5 law excuses the non-Debtors counterparty from accepting performance by, or rendering performance
6 to, Purchaser for purposes of Section 365(c)(1) of the Bankruptcy Code). The deadline to file an
7 objection to the assumption and assignment to the Purchaser of any Assumed Contract (a "Contract
8 Objection") has expired and to the extent any such party timely filed a Contract Objection, all such
9 Contract Objections have been resolved, withdrawn, overruled or continued to a later hearing by
10 agreement of the parties. To the extent that any such party did not timely file a Contract Objection by
11 the Contract Objection deadline, such party shall be deemed to have consented to (i) the assumption
12 and assignment of the Assumed Contract and (ii) the Cure Amount set forth on the
13 Assumption/Assignment Notice.

14 **Highest or Otherwise Best Offer**

15 5. As demonstrated by the evidence proffered or adduced at the Sale Hearing and the
16 representations of counsel made on the record at the Sale Hearing, the Debtors have otherwise
17 complied in all respects with, the Bid Procedures Order. The Auction was duly noticed and the
18 Auction process set forth in the Bid Procedures Order afforded a full, fair and reasonable opportunity
19 for any interested party to make a higher or otherwise better offer to purchase all of the Purchased
20 Assets and assume all of the Assumed Liabilities.

21 6. The Purchased Assets were adequately marketed by the Debtors, and the consideration
22 provided by Purchaser under the Agreement constitutes the highest or otherwise best offer and
23 provides fair and reasonable consideration to the Debtors for the sale of all Purchased Assets and the
24 assumption of all Assumed Liabilities.

25 7. Approval of the Motion and the Agreement and the consummation of the Proposed Sale
26 contemplated thereby are in the best interests of the Debtors, their creditors, estates and other parties-
27 in-interest. The Debtors have demonstrated good, sufficient and sound business reasons and
28

1 justifications for entering into the Proposed Sale and the performance of their obligations under the
2 Agreement.

3 8. Entry of an order approving the Agreement and all the provisions thereof is a necessary
4 condition precedent to Purchaser's consummation of the Proposed Sale.

5 9. The Agreement was not entered into, and neither the Debtors nor the Purchaser, have
6 entered into the Agreement or proposing to consummate the Proposed Sale, for the purpose of
7 hindering, delaying or defrauding the Debtors' present or future creditors. Neither the Debtors nor
8 Purchaser is entering into the Agreement, or proposing to consummate the Proposed Sale, fraudulently,
9 for the purpose of statutory and common law fraudulent conveyance and fraudulent transfer claims
10 whether under the Bankruptcy Code or under the laws of the United States, any state, territory,
11 possession thereof or the District of Columbia or any other applicable jurisdiction with laws
12 substantially similar to the foregoing.

13 10. The offer of Purchaser, upon the terms and conditions set forth in the Agreement,
14 including the form and total consideration to be realized by the Debtors pursuant to the Agreement: (i)
15 is the highest and/or otherwise best offer received by the Debtors; (ii) is fair and reasonable; (iii) is in
16 the best interests of the Debtors' creditors and estates and (iv) constitutes fair value, fair, full and
17 adequate consideration, reasonably equivalent value and reasonable market value for the Purchased
18 Assets.

19 11. The Purchaser is the Successful Bidder for the Purchased Assets in accordance with the
20 Bid Procedures Order. The Purchaser has complied in all respects with the Bid Procedures Order and
21 any other applicable order of this Court in negotiating and entering into the Agreement and the
22 Proposed Sale, and the Agreement complies with the Bid Procedures Order and any other applicable
23 order of this Court.

24 **Good Faith of Debtors and the Purchaser**

25 12. The sales process conducted by the Debtors, including without limitation, the Bid
26 Procedures set forth in the Bid Procedures Order, was at arm's length, non-collusive, in good faith and
27 substantively and procedurally fair to all parties.

1 13. The Debtors and their professionals have complied, in good faith, in all respects with
2 the Bid Procedures Order. As demonstrated by (i) any testimony and other evidence proffered or
3 adduced at the Sale Hearing and (ii) the representations of counsel made on the record at the Sale
4 Hearing, substantial marketing efforts and a competitive sale process were conducted in accordance
5 with the Bid Procedures Order, the Debtors: (a) afforded interested potential purchaser a full, fair and
6 reasonable opportunity to qualify as bidders and submit their highest or otherwise best offer to
7 purchase all of the Debtors' assets, (b) provided potential purchasers, upon request, sufficient
8 information to enable them to make an informed judgment on whether to bid on the Purchased Assets
9 and (c) considered any bids submitted on or before the Bid Deadline.

10 14. The Agreement and the Proposed Sale contemplated thereunder were proposed,
11 negotiated and entered into by and among the Debtors and the Purchaser without collusion, in good
12 faith and at arm's length. Neither the Debtors nor the Purchaser has engaged in any conduct that
13 would cause or permit the Agreement or the Proposed Sale to be avoided under Section 363(n) of the
14 Bankruptcy Code.

15 15. Neither the Purchaser nor any of its respective affiliates, present or contemplated
16 members, officers, directors, shareholders or any of their respective successors and assigns is an
17 "insider" of the Debtors, as that term is defined in Section 101(31) of the Bankruptcy Code. The
18 Purchaser is entering into the Proposed Sale in good faith and is a good faith purchaser within the
19 meaning of Section 363(m) of the Bankruptcy Code, and is therefore entitled to the full protection of
20 that provision, and otherwise has proceeded in good faith in all respects in connection with this
21 proceeding. Neither the Debtors nor the Purchaser have engaged in any action or inaction that would
22 cause or permit the Agreement to be avoided or impose any costs or damages under Section 363(n) of
23 the Bankruptcy Code.

24 **Section 363 is Satisfied**

25 16. The Debtors have demonstrated a sufficient basis and compelling circumstances to
26 permit them to (i) enter into the Agreement and (ii) sell the Purchased Assets and assume and assign
27 the Assumed Contracts, and such actions are appropriate exercises of the Debtors' business judgment
28 and in the best interests of the Debtors, their estates and their creditors. Such business reasons include,

1 but are not limited to, the fact that (i) the Agreement constitutes the highest or otherwise best offer for
2 the Purchased Assets; (ii) the Agreement presents the best opportunity to realize the value of the
3 Debtors on a going concern basis and avoid any potential decline and devaluation of the Debtors'
4 business; and (iii) unless the sale is concluded expeditiously as provided for in the Motion and
5 pursuant to the Agreement, recoveries of creditors may be diminished.

6 17. The Debtors have, to the extent necessary, satisfied the requirements of Bankruptcy
7 Code section 363(b)(1). Accordingly, appointment of a consumer privacy ombudsman pursuant to
8 Bankruptcy Code sections 363(b)(1) or 332 is not required with respect to the relief requested in the
9 Motion.

10 18. The Purchased Assets constitute property of the Debtors' estate and title thereto is
11 presently vested in the Debtors' estate within the meaning of section 541(a) of the Bankruptcy Code.

12 19. The sale of the Purchased Assets to the Purchaser under the terms of the Agreement
13 meets the applicable provisions of Section 363(f) of the Bankruptcy Code such that the sale of the
14 Purchased Assets will be free and clear of any and all claims, and except as expressly provided in the
15 Agreement with respect to the Assumed Liabilities, the (i) transfer of the Purchased Assets to
16 Purchasers and (ii) assumption and/or assignment to Purchaser of the Assumed Contracts and Assumed
17 Liabilities will be free and clear of all claims and will not subject the Purchaser or any of the
18 Purchaser's assets to any liability for any claims whatsoever (including, without limitation, under any
19 theory of equitable law, antitrust, or successor or transferee liability). All holders of claims who did
20 not object, or withdrew their objections to the Proposed Sale, are deemed to have consented to the
21 Proposed Sale pursuant to Section 363(f)(2) of the Bankruptcy Code, and all holders of claims are
22 adequately protected — thus satisfying Section 363(e) of the Bankruptcy Code — by having their
23 claims, if any, attach to the proceeds of the Proposed Sale ultimately attributable to the property
24 against or in which they assert a claim or other specifically dedicated funds, in the same order of
25 priority and with the same validity, force and effect that such claim holder had prior to the Proposed
26 Sale, subject to any rights, claims and defenses of the Debtors or their estates, as applicable, or as
27 otherwise provided herein.
28

1 20. The Purchaser would not have entered into the Agreement and would not consummate
2 the sale of the Purchased Assets, thus adversely affecting the Debtors, their estate, creditors, employees
3 and other parties in interest, if the sale of the Purchased Assets was not free and clear of all Claims
4 (defined below) or if the Purchaser could be liable for any claims, including, without limitation and as
5 applicable, certain liabilities that expressly are not assumed by Purchaser as set forth in the Agreement
6 or in this Order. The Purchaser asserts that it will not consummate the Proposed Sale unless the
7 Agreement specifically provides and this Court specifically orders that none of the Purchaser, its assets
8 or the Purchased Assets will have any liability whatsoever with respect to, or be required to satisfy in
9 any manner, whether at law or in equity, whether by payment, setoff or otherwise, directly or
10 indirectly, any (i) claim or (ii) successor or transferee liability for the Debtors other than with respect
11 to the Assumed Liabilities.

12 21. The transfer of the Purchased Assets to Purchaser under the Agreement will be a legal,
13 valid and effective transfer of all of the legal, equitable and beneficial right, title and interest in and to
14 the Purchased Assets free and clear of all claims. The Debtors may sell their interests in the Purchased
15 Assets free and clear of all claims because, in each case, one or more of the standards set forth in
16 Section 363(f) has been satisfied. The transfer of the Purchased Assets to Purchaser will vest
17 Purchaser with good and marketable title to the Purchased Assets.

18 22. The Purchaser is not a continuation of the Debtors or their estates and there is no
19 continuity between Purchaser and the Debtors. The Purchaser is not holding itself out to the public as
20 a continuation of the Debtors or their estates and the Proposed Sale does not amount to a consolidation,
21 merger or de facto merger of the Purchaser and the Debtors.

22 **Assumption and Assignment of the Assumed Contracts**

23 23. The assumption and assignment of the Assumed Contracts (as such Assumed Contracts
24 may be amended, supplemented or otherwise modified prior to assumption and assignment without
25 further order of the Court with the consent of the Debtors, the contract counterparty and the Purchaser)
26 that are designated for assumption and assignment pursuant to the terms of this Order and the
27 Agreement are integral to the Agreement, are in the best interests of the Debtors and their estates,
28

creditors and other parties-in-interest, and represent the reasonable exercise of sound and prudent business judgment by the Debtors.

24. No section of any Assumed Contract which purports to prohibit, restrict or condition the use, consideration or assignment of any such Assumed Contract in connection with the Proposed Sale shall have any force or effect.

25. The Debtors have met all requirements of Section 365(b) of the Bankruptcy Code for each of the Assumed Contracts. The Debtors and/or the Purchaser, as applicable under the Agreement, have (i) cured and/or provided adequate assurance of cure of any default existing prior to the Closing under all of the Assumed Contracts, within the meaning of Section 365(b)(1)(A) of the Bankruptcy Code; and (ii) provided compensation or adequate assurance of compensation to any counterparty for actual pecuniary loss to such party resulting from a default prior to the Closing under any of the Assumed Contracts, within the meaning of Section 365(b)(1)(B) of the Bankruptcy Code. Each of the Assumed Contracts is free and clear of all Claims against the Purchaser.

26. The Purchaser has demonstrated adequate assurance of its future performance under the relevant Assumed Contracts within the meaning of Sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code. Pursuant to Section 365(f) of the Bankruptcy Code, the Assumed Contracts to be assumed and assigned under the Agreement shall be assigned and transferred to, and remain in full force and effect for the benefit of, the Purchaser notwithstanding any provision in the contracts or other restrictions prohibiting their assignment or transfer.

27. No defaults exist in the Debtors' performance under the Assumed Contracts as of the date of this Order other than the failure to pay amounts equal to the Cure Amounts or defaults that are not required to be cured as contemplated in Section 365(b)(1)(A) of the Bankruptcy Code.

28. There is no legal or equitable reason to delay the Proposed Sale.

THEREFORE, IT IS HEREBY ORDERED THAT:

General Provisions

(a) The Motion is granted in its entirety and approved in all respects.

1 (b) All objections to the Motion or the relief requested therein that have not been
2 withdrawn, waived or settled as announced to the Court at the Sale Hearing and all reservations of
3 rights included therein, are hereby overruled on the merits with prejudice. All persons and entities
4 given notice of the Motion that failed to timely object thereto are deemed to consent to the relief
5 sought therein including, without limitation, all non-debtor parties to the Assumed Contracts.

6 (c) The findings of fact and the conclusions of law set forth herein shall constitute findings
7 of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to the proceeding
8 by Bankruptcy Rule 9014. To the extent any of the following constitute findings of fact or conclusions
9 of law, they are adopted as such. To the extent any of the prior findings of fact or conclusions of law
10 constitutes an order of this Court, they are adopted as such.

11 **Approval of the Agreement**

12 (d) The Agreement, all of the terms and conditions thereof, and all of the Proposed Sale
13 contemplated therein are approved in all respects. The failure specifically to include any particular
14 provision of the Agreement in this Order shall not diminish or impair the effectiveness of such
15 provision, it being the intent of the Court that the Agreement be authorized and approved in its
16 entirety. The transfer of the Purchased Assets by the Debtors to the Purchaser shall be a legal, valid
17 and effective transfer of the Purchased Assets. The consummation of the Proposed Sale is hereby
18 approved and authorized under Section 363(b) of the Bankruptcy Code.

19 (e) The Debtors are authorized and, to the extent not already done, directed to (a) take any
20 and all actions necessary or appropriate to perform, consummate, implement and close the Proposed
21 Sale, including the sale to Purchaser of all Purchased Assets, in accordance with the terms and
22 conditions set forth in the Agreement and this Order, including, without limitation, executing,
23 acknowledging and delivering such corporate name change certificates, deeds, assignments,
24 conveyances and other assurance, documents and instruments of transfer and taking any action for
25 purposes of assigning, transferring, granting, conveying and confirming to Purchaser, or reducing to
26 possession, any or all of the Purchased Assets and (b) to assume and assign any and all Assumed
27 Contracts to the Purchaser. The Debtors are further authorized to pay, whether before, at or after the
28

1 Closing, any expenses or costs required to be paid in order to consummate the Proposed Sale or
2 perform their obligations under the Agreement.

3 (f) The Debtors are authorized, and to the extent not already done, directed, to enter into
4 the Management/Leaseback Agreement detailed in Section 2.6 of the Agreement, pursuant to which
5 the Purchaser will lease back to Debtors certain purchased assets and shall retain management
6 responsibility for key aspects of Debtors' leaseback operations.

7 (g) All persons and entities are prohibited and enjoined from taking any action to adversely
8 affect or interfere with, or which would be inconsistent with, the ability of the Debtors to transfer the
9 Purchased Assets to the Purchaser in accordance with the Agreement and this Order.

10 (h) Nothing contained in any chapter 11 plan confirmed in these chapter 11 cases or the
11 order confirming any such chapter 11 plan shall conflict with or derogate from the provisions of the
12 Agreement or this Order, and, to the extent of any conflict or derogation between this Order or the
13 Agreement and such future chapter 11 plan or order, the terms of this Order and the Agreement shall
14 control.

15 **Sale and Transfer Free and Clear of Claims**

16 (i) Except as otherwise expressly provided in the Agreement and the terms of this Order
17 with respect to Assumed Liabilities, the Purchased Assets shall be sold free and clear of all claims,
18 liens, liabilities, interests, rights and encumbrances, including, without limitation, the following: all
19 restrictions (including, without limitation, any restriction on the use, voting rights, transfer rights,
20 claims for receipt of income or other exercise of any attributes of ownership), hypothecations, charges,
21 indentures, loan agreements, instruments, leases, licenses, options, deeds of trust, security interests,
22 equity interests, conditional sale rights or other title retention agreements, pledges, judgments;
23 demands, rights of first refusal, consent rights, offsets, contract rights, recoupment rights, rights of
24 recovery, reimbursement rights, contribution claims, indemnity rights, exoneration rights, product
25 liability claims, alter-ego claims, environmental rights and claims (including, without limitation, toxic
26 tort claims), labor rights and claims, employment rights and claims, pension rights and claims, tax
27 claims, regulatory violations by any governmental entity, decrees of any court or foreign or domestic
28 governmental entity, charges of any kind or nature, debts arising in any way in connection with any

1 agreements, acts, or failures to act, reclamation claims, obligation claims, demands, guaranties, option
2 rights or claims, rights, contractual or other commitment rights and claims, and all other matters of any
3 kind and nature, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or
4 unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or
5 disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material
6 or non-material, disputed or undisputed, whether arising prior to or subsequent to the commencement
7 of these chapter 11 cases (but, for the avoidance of doubt, in each case prior to the Closing), and
8 whether imposed by agreement, understanding, law, equity or otherwise, including claims otherwise
9 arising under any theory, law or doctrine of successor liability (all of the foregoing collectively being
10 referred to in this Order as "Claims", and, as used in this Order such term includes, without limitation,
11 any and all "claims" as that term is defined and used in the Bankruptcy Code, including section 101(5)
12 thereof) with all such Claims to attach to the consideration to be received by the Debtors with the same
13 validity, force, priority and effect which they now have as against the Purchased Assets and subject to
14 any claims and defenses the Debtors or other parties may possess with respect thereto. As used in this
15 Order, the term "Liens" includes, without limitation, any statutory lien on real and personal property
16 and any and all "liens" as that term is defined and used in the Bankruptcy Code, including section
17 101(37) thereof.

18 (j) At Closing, all of the Debtors' right, title and interest in and to, and possession of, the
19 Purchased Assets shall be immediately vested in the Purchaser pursuant to Sections 105(a), 363(b),
20 363(f) and 365 of the Bankruptcy Code free and clear of any and all Claims except for Assumed
21 Liabilities. Such transfer shall constitute a legal, valid, binding and effective transfer of such
22 Purchased Assets. All persons or entities, presently or on or after the Closing, in possession of some or
23 all of the Purchased Assets are directed to surrender possession of the Purchased Assets to the
24 Purchaser or its respective designees on the Closing or at such time thereafter as the Purchaser may
25 request.

26 (k) This Order (a) shall be effective as a determination that, as of the Closing, (i) no Claims
27 (other than Assumed Liabilities) will be capable of being asserted against the Purchaser or any of its
28 respective assets (including the Purchased Assets), (ii) the Purchased Assets shall have been

1 transferred to Purchaser free and clear of all Claims and (iii) the conveyances described herein have
2 been effected; and (b) is and shall be binding upon and govern the acts of all entities, including,
3 without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages,
4 recorders of deeds, registrars of deeds, registrars of patents, trademarks or other intellectual property,
5 administrative agencies, governmental departments, secretaries of state, federal and local officials and
6 all other persons and entities who may be required by operation of law, the duties of their office or
7 contract, to accept, file, register or otherwise record or release any documents or instruments, or who
8 may be required to report or insure any title or state of title in or to any lease; and each of the foregoing
9 persons and entities is hereby directed to accept for filing any and all of the documents and instruments
10 necessary and appropriate to consummate the Proposed Sale contemplated by the Agreement. The
11 Purchased Assets are sold free and clear of any reclamation rights.

12 (l) Except as otherwise expressly provided in the Agreement with respect to the Assumed
13 Liabilities, all persons and entities (and their respective successors and assigns), including, but not
14 limited to, all debt security holders, equity security holders, affiliates, governmental, tax and regulatory
15 authorities, lenders, customers, vendors, employees, trade creditors, litigation claimants and other
16 creditors holding Claims arising under or out of, in connection with, or in any way relating to, the
17 Debtors, the Purchased Assets, the ownership, sale or operation of the Purchased Assets and the
18 business prior to Closing or the transfer of the Purchased Assets to the Purchaser, are hereby forever
19 barred, estopped and permanently enjoined from asserting such Claims against the Purchaser, its
20 property or the Purchased Assets. Following the Closing, no holder of any Claim shall interfere with
21 the Purchaser's title to or use and enjoyment of the Purchased Assets based on or related to any such
22 Claim, or based on any action the Debtors may take in their chapter 11 cases.

23 (m) If any person or entity that has filed financing statements or other documents or
24 agreements evidencing Claims against or in the Purchased Assets shall not have delivered to the
25 Debtors prior to the Closing, in proper form for filing and executed by the appropriate parties,
26 termination statements, instruments of satisfaction, releases of all Claims that the person or entity has
27 with respect to the Purchased Assets or otherwise, then only with regard to the Purchased Assets that
28 are purchased by the Purchaser pursuant to the Agreement and this Order (a) the Debtors is hereby

1 authorized and directed to execute and file such statements, instruments, releases and other documents
2 on behalf of the person or entity with respect to the Purchased Assets and (b) the Purchaser is hereby
3 authorized to file, register or otherwise record a certified copy of this Order, which, once filed,
4 registered or otherwise recorded, shall constitute conclusive evidence of the release of all Claims
5 against the Purchaser and the applicable Purchased Assets; and (c) the Purchaser may seek in this
6 Court or any other court to compel appropriate parties to execute termination statements, instruments
7 of satisfaction, and releases of all Claims with respect to the Purchased Assets other than Assumed
8 Liabilities. This Order is deemed to be in recordable form sufficient to be placed in the filing or
9 recording system of each and every federal, state, or local government agency, department or office.

10 (n) To the maximum extent permitted under applicable law, the Purchaser shall be
11 authorized, as of the Closing Date, to operate under any license, permit, registration and governmental
12 authorization or approval of the Debtors with respect to the Purchased Assets, and all such licenses,
13 permits, registrations and governmental authorizations and approvals are deemed to have been, and
14 hereby are, directed to be transferred to the Purchaser as of the Closing Date.

15 (o) To the extent permitted by Bankruptcy Code section 525, no governmental unit may
16 revoke or suspend any permit or license relating to the operation of the Purchased Assets sold,
17 transferred, assigned or conveyed to Purchaser on account of the filing or pendency of these chapter 11
18 cases or the consummation of the Proposed Sale.

19 (p) For the avoidance of doubt, only Purchased Assets that are part of the Debtors' estates
20 are being sold to the Purchaser free and clear of Claims pursuant to Section 363(f) of the Bankruptcy
21 Code.

22 **No Successor or Transferee Liability**

23 (q) Except as expressly provided in the Agreement with respect to Assumed Liabilities, the
24 Purchaser shall not be deemed, as a result of any action taken in connection with the Agreement, the
25 consummation of the Proposed Sale contemplated by the Agreement, or the transfer or operation of the
26 Purchased Assets to (a) be a legal successor, or otherwise be deemed a successor to the Debtors (other
27 than, for the Purchaser, with respect to any obligations as an assignee under the Assumed Contracts
28 arising after the Closing); (b) have, de facto or otherwise, merged with or into the Debtors; or (c) be an

1 alter ego or a mere continuation or substantial continuation of the Debtors including, without
2 limitation, within the meaning of any foreign, federal, state or local revenue, pension, ERISA, the
3 Consolidated Omnibus Budget Reconciliation Act ("COBRA"), WARN Act (29 U.S.C. §§ 2101 et
4 seq.) ("WARN"), Comprehensive Environmental Response Compensation and Liability Act
5 ("CERCLA"), the Fair Labor Standard Act, Title VII of the Civil Rights Act of 1964 (as amended), the
6 Age Discrimination and Employment Act of 1967 (as amended), the Federal Rehabilitation Act of
7 1973 (as amended), the NLRA, environmental liabilities, debts, claims or obligations arising from
8 conditions first existing on or prior to Closing (including, without limitation, the presence of
9 hazardous, toxic, polluting, or contaminating substances or wastes), which may be asserted on any
10 basis, including, without limitation, under CERCLA, any liabilities, debts or obligations of or required
11 to be paid by the Debtors for any taxes of any kind for any period, labor, employment, or other law,
12 rule or regulation (including without limitation filing requirements under any such laws, rules or
13 regulations), or under any products liability law or doctrine with respect to the Debtors' liability under
14 such law, rule or regulation or doctrine.

15 (r) Other than as expressly set forth in the Agreement with respect to Assumed Liabilities,
16 the Purchaser shall not have any responsibility for (a) any liability or other obligation of the Debtors or
17 related to the Purchased Assets, including, without limitation, the Excluded Liabilities or (b) any
18 remaining Claims against the Debtors or any of their predecessors or affiliates. Except as expressly
19 provided in the Agreement with respect to Assumed Liabilities, the Purchaser shall have no liability
20 whatsoever with respect to the Debtors' (or their predecessors' or affiliates') respective businesses or
21 operations or any of the Debtors' (or their predecessors' or affiliates') obligations (as described herein,
22 "Successor or Transferee Liability") based, in whole or part, directly or indirectly, on any theory of
23 successor or vicarious liability of any kind or character, or based upon any theory of antitrust,
24 environmental, successor or transferee liability, de facto merger or substantial continuity, labor and
25 employment or products liability, whether known or unknown as of the Closing, now existing or
26 hereafter arising, asserted or unasserted, fixed or contingent, liquidated or unliquidated, including
27 liabilities on account of any taxes arising, accruing or payable under, out of, in connection with, or in
28 any way relating to the operation of the Purchased Assets prior to the Closing. Except to the extent

1 expressly included in the Assumed Liabilities with respect to the Purchaser, the Purchaser shall have
2 no liability or obligation under the WARN or CERCLA, or any foreign, federal, state or local labor,
3 employment, or environmental law whether of similar import or otherwise by virtue of the Purchaser's
4 purchase of the Purchased Assets or assumption of the Assumed Liabilities by the Purchaser or an
5 Affiliate of the Purchaser.

6 (s) Except as expressly provided in the Agreement for the Assumed Liabilities, with
7 respect to the Purchaser, nothing in this Order or the Agreement shall require the Purchaser to (a)
8 continue or maintain in effect, or assume any liability in respect of any employee, collective bargaining
9 agreement, pension, welfare, fringe benefit or any other benefit plan, trust arrangement or other
10 agreements to which the Debtors are parties or have any responsibility including, without limitation,
11 medical, welfare and pension benefits payable after retirement or other termination of employment; or
12 (b) assume any responsibility as a fiduciary, plan sponsor or otherwise, for making any contribution to,
13 or in respect of the funding, investment or administration of any employee benefit plan, arrangement or
14 agreement (including but not limited to pension plans) or the termination of any such plan,
15 arrangement or agreement.

16 (t) Effective upon the Closing, and except as set forth in the Agreement, all persons and
17 entities are forever prohibited and enjoined from commencing or continuing in any matter any action
18 or other proceeding, whether in law or equity, in any judicial, administrative, arbitral or other
19 proceeding against the Purchaser, or its assets (including the Purchased Assets), with respect to any (a)
20 Claim or (b) Successor or Transferee Liability including, without limitation, the following actions with
21 respect to clauses (a) and (b): (i) commencing or continuing any action or other proceeding pending or
22 threatened; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award,
23 decree or order; (iii) creating, perfecting or enforcing any lien, claim, interest or encumbrance; (iv)
24 asserting any setoff, right of subrogation or recoupment of any kind; (v) commencing or continuing
25 any action, in any manner or place, that does not comply with, or is inconsistent with, the provisions of
26 this Order or other orders of this Court, or the agreements or actions contemplated or taken in respect
27 hereof; or (vi) revoking, terminating or failing or refusing to renew any license, permit or authorization
28 to operate any of the Purchased Assets or conduct any of the businesses operated with such assets.

1 **Good Faith of Purchaser**

2 (u) The Proposed Sale contemplated by the Agreement is undertaken by the Purchaser
3 without collusion and in good faith, as that term is defined in Section 363(m) of the Bankruptcy Code,
4 and, accordingly, the reversal or modification on appeal of the authorization provided herein to
5 consummate the sale shall not affect the validity of the Proposed Sale (including the assumption and
6 assignment of the Assumed Contracts), unless such authorization and consummation of such sale are
7 duly and properly stayed pending such appeal.

8 (v) Neither the Debtors nor the Purchaser have engaged in any action or inaction that would
9 cause or permit the Proposed Sale to be avoided or costs or damages to be imposed under Section
10 363(n) of the Bankruptcy Code. The consideration provided by the Purchaser for the Purchased Assets
11 under the Agreement is fair and reasonable and the sale may not be avoided under Section 363(n) of
12 the Bankruptcy Code.

13 **Assumption and Assignment of Assumed Contracts**

14 (w) The Debtors are authorized and directed at the Closing to assume and assign each of the
15 Assumed Contracts. The payment of the applicable Cure Amounts shall (a) effect a cure of all defaults
16 existing thereunder as of the Closing, (b) compensate for any actual pecuniary loss to such non-debtor
17 counterparty resulting from such default and (c) together with the assumption of the Assumed
18 Contracts by the Debtors and the assignment of the Assumed Contracts to the Purchaser, constitute
19 adequate assurance of future performance thereof.

20 (x) Any provisions in any Assumed Contract that prohibit or condition the assignment of
21 such Assumed Contract or allow the counterparty to such Assumed Contract to terminate, recapture,
22 impose any penalty, condition on renewal or extension or modify any term or condition upon the
23 assignment of such Assumed Contract, constitute unenforceable anti-assignment provisions that are
24 void and of no force and effect. All other requirements and conditions under Sections 363 and 365 of
25 the Bankruptcy Code for the assumption by the Debtors and assignment to the Purchaser or an Affiliate
26 of the Purchaser of the Assumed Contracts have been satisfied. Upon the Closing, in accordance with
27 Sections 363 and 365 of the Bankruptcy Code, the Purchaser shall be fully and irrevocably vested with
28 all right, title and interest of the Debtors under the Assumed Contracts, and such Assumed Contracts

1 shall remain in full force and effect for the benefit of the Purchaser. Each non-debtor counterparty to
2 the Assumed Contracts shall be forever barred, estopped and permanently enjoined from (a) asserting
3 against the Debtors or the Purchaser or their respective property any assignment fee, acceleration,
4 default, breach or claim or pecuniary loss, or condition to assignment existing, arising or accruing as of
5 the Closing or arising by reason of the Closing, including any breach related to or arising out of
6 change-in-control in such Assumed Contracts, or any purported written or oral modification to the
7 Assumed Contracts and (b) asserting against the Purchaser (or its property, including the Purchased
8 Assets) any claim, counterclaim, defense, breach, condition, setoff asserted or capable of being
9 asserted against the Debtors existing as of the Closing or arising by reason of the Closing except for
10 the Assumed Liabilities.

11 (y) In the case of licenses, certificates, approvals, authorization, leases, contracts,
12 agreements and other commitments include in the Purchased Assets that (a) cannot be transferred or
13 assigned effectively without the consent of third parties, which consent has not been obtained prior to
14 Closing, the Debtors shall, subject to any approval of the Bankruptcy Court that may be required,
15 reasonably cooperate with the Purchaser in endeavoring to obtain such consent and, if any such
16 consent is not obtained, the Debtors shall, following Closing, and subject to any approval of the
17 Bankruptcy Court that may be required, cooperate with the Purchaser in all reasonable respects to
18 provide to the Purchaser the benefits thereof in some other manner or (b) that are otherwise not
19 transferable or assignable, the Debtors shall, following Closing, and subject to any approval of the
20 Bankruptcy Court that may be required, reasonably cooperate with the Purchaser to provide to the
21 Purchaser the benefits thereof in some other manner (including the exercise of the rights of the Debtors
22 thereunder).

23 (z) Upon the Closing and the payment of the relevant Cure Amounts by Debtors or the
24 Purchaser as set forth in the Agreement, the Purchaser shall be deemed to be substituted for the
25 Debtors as a party to the applicable Assumed Contracts and the Debtors shall be released, pursuant to
26 Section 365(k) of the Bankruptcy Code, from any liability under the Assumed Contracts. There shall
27 be no rent accelerations, assignment fees, increases or any other fees charged to the Purchaser or the
28 Debtors as a result of the assumption and assignment of the Assumed Contracts.

1 (aa) Each non-debtor party to an Assumed Contract is forever barred, estopped and
2 permanently enjoined from asserting against the Purchaser, or its property (including without
3 limitation the Purchased Assets), any default existing as of the date of the Sale Hearing, or any
4 counterclaim, defense, setoff or other claim asserted or capable of being asserted against the Debtors.

5 (bb) Other than the Assumed Contracts, the Purchaser assumed none of the Debtors' other
6 contracts and leases and shall have no liability whatsoever thereunder.

7 (cc) The assignments of each of the Assumed Contracts are made in good faith under
8 Sections 363(b) and (m) of the Bankruptcy Code.

9
10 **Other Provisions**

11 (dd) As soon as practicable after Closing, the Debtors shall (a) effectuate a name change to
12 change the name of Debtors. Upon a filing by the Debtors of a notice that the Closing has occurred,
13 the Clerk of the Bankruptcy Court is directed to change the name of the Debtors on the docket of these
14 Chapter 11 Cases and revise the caption of these Chapter 11 Cases accordingly.

15 (ee) The Purchaser is not and will not become obligated to pay any fee or commission or
16 like payment to any broker, finder or financial advisor as a result of the consummation of the
17 transaction contemplated by the Agreement based upon any arrangement made by or on behalf of the
18 Debtors.

19 (ff) This Order is binding upon and inures to the benefit of any successors and assigns of the
20 Debtors or the Purchaser, including any trustee appointed in any subsequent case of the Debtors under
21 chapter 7 of the Bankruptcy Code.

22 (gg) The provisions of this Order and the Agreement are non-severable and mutually
23 dependent.

24 (hh) The Agreement may be modified, amended or supplemented by the parties thereto and
25 in accordance with the terms thereof, without further order of the Court, provided that any such
26 modification, amendment or supplement does not have a material adverse effect on the Debtors'
27 estates.

28 (ii) Nothing in this Order, the Agreement or any asset purchase agreement releases,
nullifies, precludes or enjoins the enforcement of any liability to a governmental unit under police and

1 regulatory statutes or regulations that any entity would be subject to as the owner or operator of
2 property from and after the Closing. Nothing in this Order, the Agreement or any asset purchase
3 agreement authorizes the transfer to the Purchaser of any licenses, permits, registrations or
4 governmental authorizations and approvals that would require government approval prior to such
5 transfer without the Purchaser's compliance with all applicable legal requirements under non-
6 bankruptcy law governing such transfers.

7 (jj) The Court shall retain exclusive jurisdiction to, among other things, interpret,
8 implement and enforce the terms and provisions of this Order and the Agreement, all amendments
9 thereto and any waivers and consents thereunder and each of the agreements executed in connection
10 therewith to which the Debtors are parties or which has been assigned by the Debtors to Purchaser, and
11 to adjudicate, if necessary, any and all disputes concerning or relating in any way to the sale. This
12 Court retains jurisdiction to compel delivery of the Purchased Assets, to protect the Purchaser and its
13 assets, including the Purchased Assets, against any Claims and Successor and Transferee Liability and
14 to enter orders, as appropriate, to transfer the Purchased Assets and the Assumed Contracts to the
15 Purchaser.

16 (kk) Notwithstanding the possible applicability of Rules 6004(h), 6006(d), 7062 and 9014 of
17 the Bankruptcy Rules or otherwise, the terms and conditions of this Order shall be effective
18 immediately upon entry and the Debtors and Purchaser are authorized to close the sale immediately
19 upon entry of this Order.

20 (ll) To the extent any provisions of this Order conflict with, or are otherwise inconsistent
21 with, the terms and conditions of the Agreement or the Bid Procedures Order, this Order shall govern
22 and control, and to the extent the Motion conflicts with, or is otherwise inconsistent with, the terms and
23 conditions of the Agreement, the terms and conditions of the Agreement shall govern and control.

24 DATED AND SIGNED ABOVE.